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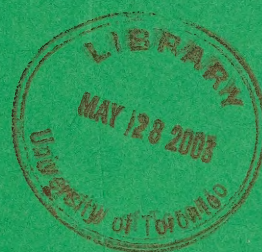
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Volume # 119

NATIONAL COUNCIL OF WELFARE REPORTS

WELFARE INCOMES 2002



SPRING 2003
Canada

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The Council would also like to thank the staff at Statistics Canada for providing the most recent statistics on low income cut-offs and average incomes in Canada that are referenced in this report.

FOREWORD

Welfare Incomes is a regular report on the welfare rates in each province and territory in Canada. This report estimates welfare incomes for four types of households in 2002: a single employable person, a single person with a disability, a single-parent family with a two-year-old child, and a two-parent family with two children aged ten and 15. The National Council of Welfare has published similar estimates since 1986.

Welfare Incomes has never been a good-news report, and this issue is, unfortunately, no change. The gap between the poverty line and welfare incomes remained large and relatively unchanged in 2002 with people on welfare subsisting on as little as one-fifth of the poverty line. People on welfare continued to realize an even smaller fraction of the average income of other Canadians. Most welfare incomes have failed to keep pace with inflation, leaving the welfare poor poorer than ever.

When the Council looked at provincial and territorial contributions to welfare incomes for families with children, we found they had eroded badly. For families on welfare, the provinces and territories contributed a decreasing share every year even as the federal government made increasingly larger contributions through the National Child Benefit. Provincial and territorial governments realized savings on welfare – and all at the cost of the poorest of parents and children.

This is a disappointing situation, particularly more than four years after the federal government made a massive infusion of cash to low-income families with children through the National Child Benefit. While the federal government gave a basic child tax benefit and an additional supplement to all low-income parents, most provincial and territorial governments chose to claw back the supplement from those parents unlucky enough to depend on welfare. Only Newfoundland and New Brunswick resisted the temptation from the outset. More recently, Nova Scotia, Quebec, and Manitoba decided to limit their clawback of the supplement to the federal child benefit. But the amount of money provincial and territorial governments gave to the poorest of parents and children still declined in most jurisdictions. The Council was particularly disappointed to note that this occurred as overwhelming evidence emerged that underlined the importance of early child development.

In the focus on child poverty, it is easy to lose sight of the conditions facing others on welfare. This year's report shows the desperate situation facing those people the welfare system considers employable. After years of cuts and freezes to their welfare incomes, this group was forced to subsist on incomes as low as one-fifth of the poverty line in 2002. Similarly, the report tracks the slow decline in the value of the welfare incomes of people with disabilities. This group was generally spared the major cuts to their benefits that faced those considered employable, but their incomes declined slowly as inflation took its toll.

The National Council of Welfare continues to be concerned about the levels of poverty of anyone who is unfortunate enough to be forced to rely on welfare. Children live in families and in communities, and those children raised in poverty eventually grow up. There is no age or stage of life at which the Council believes anyone should be expected to live at the level of abject poverty the Canadian welfare system provides.

I. WHAT IS WELFARE?

Social assistance or welfare is the income program of last resort in Canada. It provides money to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

Until March 31, 1996, welfare was paid under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the cost to be shared by the federal government and the provinces and territories. On April 1, 1996, the Canada Health and Social Transfer (CHST) replaced CAP. Under the CHST, the federal government reduced its transfer payments to the provinces and territories for health, education and social services. As of July 1, 1998, the National Child Benefit which consists of the basic Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCBS) has covered some of the cost of welfare for families with children.

Although people talk about welfare as a single entity, there are really 13 welfare systems in Canada: one in each province and territory. Despite the fact that each of the 13 systems is different, they have many common features. They have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts of other income recipients are allowed to keep, and the way in which applicants and recipients may question decisions regarding their cases.

ELIGIBILITY

Eligibility for welfare is based on general administrative rules that vary widely throughout the country. For example, applicants must be of a certain age, usually between 18 and 65. Full-time students of post-secondary educational institutions qualify for assistance in some provinces and territories only if they meet stringent conditions. In other provinces and territories, students cannot apply for assistance without leaving their studies. Parents must try to secure any court-ordered maintenance support to which they are entitled. People with a disability require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Once applicants meet the administrative conditions, they go through a “needs test.” The welfare department compares the budgetary needs of an applicant and any dependants with the assets and income of the household. Needs, assets and income are defined in provincial and territorial welfare laws. In general, welfare is granted when a household’s non-exempted financial resources are less than the cost of regularly recurring needs that the welfare department considers acceptable, for example, food, shelter, household, personal and special needs.

First, the needs test examines applicants’ fixed and liquid assets. In most provinces and territories, fixed assets such as a principal residence, furniture and clothing are considered exempt. Most provinces and territories also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are

generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempt liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets (that is, cash, bonds and securities that are readily convertible to cash) appear in Table 1.1. The amounts vary by household size and employability. Where a household's liquid assets are higher than the amounts in Table 1.1, that household is not entitled to welfare until the excess is spent on approved needs. The amounts shown in Table 1.1 are the liquid asset exemption levels that were in effect in January 2002.

After welfare departments examine the fixed and liquid assets of welfare applicants, they identify all the sources of income for that household. Welfare departments generally consider that income from other sources such as employment, pensions and Employment Insurance is fully available for support of the household. Some types of income, such as the basic federal child tax benefit (but not the supplement) and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare.

Finally, welfare departments subtract all non-exempt income from the total needs of the household. Applicants qualify for welfare if their household's needs are greater than the household's resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test was the central eligibility criterion required by the assistance provisions of the Canada Assistance Plan. The law authorized the federal government to share with the provinces and territories the costs of welfare only on behalf of households that qualified on the basis of need. Since the Canada Health and Social Transfer replaced the Canada Assistance Plan in April 1996, provinces and territories are no longer required to use a needs test to qualify for federal contributions to their welfare programs. As of the date of this report, however, no province or territory has replaced its needs test.

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2002

	Unemployable			Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family
NEWFOUNDLAND AND LABRADOR	\$500	\$1,500	\$3,000 ¹	\$500	\$1,500
PRINCE EDWARD ISLAND	N/A ²	\$1,200	\$900	\$50 to \$200 ³	\$1,800 ⁴
NOVA SCOTIA ⁵	\$500	\$1,000	\$500	Province generally requires applicants to exhaust liquid assets to meet basic needs.	
NEW BRUNSWICK	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000
QUEBEC ⁶	\$2,500	\$2,825 ⁷	\$2,500	\$1,500	\$2,917 ⁸
ONTARIO ⁹	\$0 ¹⁰	\$5,500	\$5,000	\$520	Adult, one child: \$1,457 Couple: \$901 Couple, one child: \$1,530 Each additional dependant child: \$500

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2002

	Unemployable			Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family
MANITOBA	N/A ¹¹	\$2,000	\$2,000	\$0 at enrolment \$400 after enrollment ¹²	\$0 at enrolment \$1,600 after enrolment
SASKATCHEWAN	\$1,500	\$3,000	\$1,500	\$1,500	Adult, one child: \$3,000 Each additional dependant child: \$500
ALBERTA	\$1,500	\$2,500	\$1,500 ¹³	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets
BRITISH COLUMBIA ¹⁴	\$1,500 ¹⁵	\$2,500 ¹⁶	\$3,000	\$1,500 ¹⁷	\$2,500 ¹⁸
YUKON ¹⁹	\$500	\$1,500	\$1,500	\$500	Couple, two children: \$1,600
NORTHWEST TERRITORIES	The director may determine that some assets should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2002

	Unemployable			Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family
NUNAVUT	The director may determine that some assets (such as those used in traditional activities) should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				

Newfoundland and Labrador

¹ To qualify for a liquid asset exemption of \$3,000 for a single disabled person or \$5,500 for a family with a disabled person, the disabled person must require supportive services to aid independent living.

Prince Edward Island

² Single applicants were not considered unemployable unless they were disabled.

³ For unemployable applicants who required welfare for less than four months, the exemption was \$50. For a single person on welfare for four months or more, the liquid asset exemption level was \$200.

⁴ For persons with dependants who were on welfare for four months or more, liquid asset exemption levels were \$1,200 per couple and \$300 for each child for a total of \$1,800.

Nova Scotia

⁵ In 2001, liquid asset exemption levels were decreased from \$2,500 to \$1,000 for an unemployable single parent and from \$3,000 to \$500 for an unemployable single person with disability.

Quebec

⁶ In 1998, Quebec set standard maximum liquid asset amounts according to family size. If the applicant's assets (including expected income from other sources during the month of application) fell below the maximum, the welfare cheque for that month was calculated based on the rest of the days left in that month. Heating and utilities costs were deducted from total assets. Amounts increased in January 2001.

⁷ The exemption level for the single parent was \$2,500 plus \$325 for one child for a total of \$2,825. If the single parent with one child had severe limitations to work, the level was \$5,000 plus \$325 for the child for a total of \$5,325.

⁸ The exemption level for an employable couple was \$2,500 plus \$417 for two children, which totals \$2,917. The exemption level for an employable couple with only one child was \$2,500 plus \$217 for a total of \$2,717.

Ontario

⁹ The “unemployable” category was the Ontario Disability Support Program; the “employable” category was Ontario Works. The Ontario Disability Support Program allowed assets beyond the prescribed limit provided the funds were intended for the purchase of an approved disability-related item or service or an item or service necessary for the health of a member of the welfare recipient’s family. The asset exemption level for a couple under the Ontario Disability Support Program was \$7,500.

¹⁰ The liquid asset exemption for an unemployable single person was \$5,000 in 2001 but was eliminated for 2002.

Manitoba

¹¹ Single applicants were not considered unemployable unless they were disabled.

¹² At the time of enrollment, there was no liquid asset exemption for employable singles and couples. After enrollment, liquid asset exemptions were \$400 for a single person and \$1,600 for a couple with two children.

Alberta

¹³ This rate refers to people who received welfare under the Supports for Independence program. Alberta granted an exemption of up to \$3,000 if a person was severely and permanently disabled and had high needs because of the costs of personal support services. Most people with severe disabilities received benefits under the Assured Income for the Severely Handicapped (AISH) program.

British Columbia

¹⁴ Effective April 2002, in the first month of welfare the liquid asset exemption was the welfare rate plus an additional \$150 for singles (a total of \$860); the social assistance rate plus \$250 for families with dependents (a total of \$1,096 for single parent and \$1,241 for the couple with two children); and \$3,000 total for the disabled. These rates will be reflected in future editions of this report.

¹⁵ The liquid asset exemption for an unemployable single person was increased from \$500 to \$1,500 as of January 2002 for recipients who were on welfare in the previous month. Otherwise, the asset exemption was the welfare rate only for the first month.

¹⁶ The liquid asset exemption for an unemployable single parent with one child decreased from \$5,000 to \$2,500 as of January 2002 for recipients who were on welfare in the previous month. Otherwise, the asset exemption was the welfare rate only for the first month.

¹⁷ The liquid asset exemption for an employable single person was increased from \$500 to \$1,500 as of January 2002 for recipients who were on welfare in the previous month. Otherwise, the asset exemption was the welfare rate only for the first month.

¹⁸ The liquid asset exemption for an employable couple decreased from \$5,500 plus \$500 for each child to \$2,500 total as of January 2002 for recipients who were on welfare in the previous month. Otherwise, the asset exemption was the welfare rate only for the first month.

Yukon

¹⁹ The exemption level for employables applies to people on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

RATES OF ASSISTANCE

Every province and territory uses a different method of calculating basic welfare which generally includes food, clothing, shelter, utilities, and an allowance for personal and household needs.

Applicants and recipients may be eligible for extra assistance in most provinces and territories if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Welfare departments provide cash or “in kind” support in the form of vouchers, goods or services.

Sometimes applicants require assistance only for a special-needs item such as medication but they are able to provide for other basic needs from their own resources. In such cases, a province or territory may grant the specific amount that the household requires, provided that the applicants are eligible under the needs test.

Every province and territory has a list of special needs for which it will provide extra assistance. In some cases, only a portion of the cost of a particular item is paid. For example, the province or territory may reimburse a certain percentage of dental costs, and the recipient is expected to pay the remaining amount.

Across Canada, welfare officials have some degree of discretion in deciding whether certain households qualify for special assistance under provincial or territorial welfare regulations. Discretion is both a strength and weakness of the welfare system. On one hand, welfare recognizes the fact that individuals may have ongoing or one-time special needs for which they require assistance. On the other hand, a person with special needs may be considered eligible for extra assistance by one welfare worker, but not by another.

Table 1.2 presents a national picture of estimated welfare incomes for 2002. The incomes shown are for the basic needs of four household types: a single employable person, a single person with a disability, a single-parent family with a two-year-old child, and a two-parent family with two children aged ten and 15. When we calculated the welfare incomes, we assumed that each of the households went on welfare on January 1, 2002, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are estimates. Welfare is a highly individualized program of income support, so every applicant could be eligible for a different amount of financial assistance because of the circumstances in his or her household. In addition, our calculations only consider cash income, since it is impossible for us to take into account the value of the services provided by a province or territory.

It is especially important to understand the derivation of the social assistance figures in Column 1. These figures are both maximum and minimum amounts. They are maximum amounts in that they represent the highest level of welfare that a designated province or territory will provide to a given household unit for its basic living needs. These rates can be reduced for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to

reduce, cancel or suspend benefits if an employable recipient refuses a reasonable job offer, or quits a job without just cause. These figures are also minimum amounts in that they do not generally include special-needs assistance to which a given household may be entitled, such as costs related to a disability or the cost of searching for a job.

BASIC SOCIAL ASSISTANCE

The column called Basic Social Assistance in Table 1.2 shows the basic welfare that eligible households are entitled to have. Basic assistance generally includes an amount for food, clothing, shelter, utilities, personal and household needs. The figures in the basic social assistance column also reflect the reduction in assistance caused by the clawback of the National Child Benefit Supplement (NCBS) that began in July 1998 in the jurisdictions that clawed back.

To ensure to the greatest extent possible the comparability of the data, we made a number of assumptions in calculating basic assistance. These assumptions concerning recipient households include where people lived, the ages of the children, the employability of the household head, the type of housing and the case history.

A. RESIDENCE

The welfare rates shown for each province or territory are for the largest municipal area. This is because maximum shelter allowances vary by region in many jurisdictions. Households living in smaller municipalities often receive lower benefits because their shelter costs are lower than in large urban centres (and most shelter allowances are based on actual shelter costs). Some provinces and territories offer supplements to compensate welfare households living in remote areas for higher living costs.

B. AGES OF CHILDREN

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is two years old and the children in the two-parent family are ten and 15 years old. Some provinces and territories vary a family's entitlement with the age of each child in the household.

C. EMPLOYABILITY OF THE HOUSEHOLD HEAD

In Table 1.2, we assigned short-term rates of assistance (which are generally lower than long-term rates) to single employable individuals and couples with children in all jurisdictions. The rates for single parents are based on the employability classifications in each province and territory.

In all jurisdictions, we have based our calculations on the assumption that the person with a disability received welfare, not payments for special, long-term disability programs.

D. TYPE OF HOUSING

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that they did not share their accommodation. All provinces and the three territories reduce welfare entitlements when recipient households live in subsidized housing or share their housing.

Where shelter allowances do not include the cost of utilities, we added the cost of utilities to the shelter rates. We used maximum shelter rates in all jurisdictions.

E. CASE HISTORY

In order to “annualize” the rates for this report, we assumed that these four typical households started receiving welfare on January 1, 2002 and remained on assistance until the last day of the calendar year.

We calculated basic social assistance month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates within each year. We also assumed that welfare households did not have any income from paid work during the time they were on assistance.

F. SPECIAL ASSISTANCE

Welfare departments provide two kinds of assistance for special needs. Some supplementary allowances are paid automatically to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts that appear in the second column in Table 1.2. Examples of this type of special assistance include extra assistance for people with disabilities, money for school expenses, winter clothing allowances and Christmas allowances.

Welfare departments also provide a second kind of assistance for one-time special needs, including items such as funeral expenses, moving costs or emergency home repairs. We have not included this type of special assistance in this report because the special needs are established on a case-by-case basis by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

We have incorporated special assistance in the second column of Table 1.2 only when welfare departments would automatically provide it to certain recipients. If the welfare recipient has to provide special reasons to qualify for this assistance, our figures exclude it.

FEDERAL CHILD TAX BENEFIT

The federal child tax benefit is now called the National Child Benefit. It consists of the basic Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCBS). In Table 1.2, the Federal Child Tax Benefit column shows the basic benefit and the supplement, including increases on July 1, 2002.

The federal government paid a basic federal child tax benefit of \$1,117 from July 2001 to June 2002 and \$1,151 from July 2002 to December 2002 for each child under age 18 in most parts of Canada if the family income was under \$32,000 and \$32,960 respectively for these two periods. In all provinces and territories, there was an additional annual benefit of \$221 for each child under age seven from July 2001 to June 2002 and \$228 from July 2002 to December 2002. The basic federal child tax benefit is totally phased out once the net income of a family with two children or less exceeds \$75,000.

From July 1998 to June 2000, the federal government provided all families with incomes under \$20,921 with a supplement to the basic federal child tax benefit. This income threshold rose to \$21,214 in July 2000 and to \$21,744 in July 2001. In July 2002, the maximum income with which a family could qualify for the supplement was raised to \$22,397.

The supplement was \$1,255 from July 2001 to June 2002 then was raised to \$1,293 from July 2002 to December 2002 if a family had one child. If a family had a second child, an additional supplement was paid at \$1,055 from July 2001 to June 2002 then raised to \$1,087 from July 2002 to December 2002.

A family with one child two years of age received the basic federal child tax benefit of \$1,117. The family also received \$221 for a child under seven and the federal supplement of \$1,255 for the first child for the period July 2001 to June 2002. From July 2002 to December 2002, the family received \$1,151 in the basic benefit, \$228 for the child under seven, and the supplement of \$1,293.

A couple with two children aged ten and fifteen received the basic federal child tax benefit of \$1,117 for each child, and the combined supplements of \$1,255 and \$1,055 from July 2001 to June 2002. From July 2002 to December 2002, the two-parent family received the basic benefit of \$1,151 for each child and the combined supplements of \$1,293 and \$1,087.

The provincial and territorial clawbacks to the federal child tax benefits are captured as reductions in the Basic Social Assistance column or in the Provincial/Territorial Child Benefits column.

PROVINCIAL AND TERRITORIAL CHILD BENEFITS

The Newfoundland and Labrador Child and Family Benefit was fully integrated with the federal child tax benefit which means it was delivered directly to families by the Canada Customs and Revenue Agency. It was \$17 per month for one child and \$43 per month for two children.

In Prince Edward Island, the basic welfare rate included a Healthy Child Allowance of \$41 per month per child.

The Nova Scotia Child Benefit was fully integrated with the federal child tax benefit. It was \$445 per year for one child and \$645 per year for the second child for a total of \$1,090 per year for a family with two children.

The New Brunswick Child Tax Benefit was \$20.83 per month per child.

In Quebec, the provincial Family Allowance provided \$108 per month for a single-parent family and \$52.08 per month for each child.

In Ontario, there were no provincial child tax benefits.

In Manitoba, the provincial welfare benefit included a payment for a child in a single-parent family of \$10.80 per month and an additional payment for a child aged six and under of \$12 per month.

The Saskatchewan Child Tax Benefit was \$20.83 for the first six months of 2002 and was reduced to \$17.67 for the last six months for the first child in a family. The second child in a family received \$37.83 and \$35.17 per month for the same time period.

In Alberta, there were no provincial child tax benefits.

In British Columbia, the BC Family Bonus was \$114.83 a child for the first six months and \$116.42 a child for the last six months of 2002. BC then deducted the full amount of the National Child Benefit Supplement.

The Yukon Child Benefit provided a maximum of \$300 per year for each child. The NWT Child Benefit was \$330 per year and the Nunavut Child Benefit was \$330 per year.

THE CLAWBACK OF THE NATIONAL CHILD BENEFIT SUPPLEMENT

The federal government provided the same basic federal child tax benefit to eligible families in all provinces and territories. The one exception was Alberta which asked the federal government to adjust the benefit depending upon the age of the child. But the supplement to the basic federal child tax benefit was treated differently from one province or territory to another. Some jurisdictions treated the supplement as unearned income and deducted it from basic welfare payments. Other jurisdictions reduced the overall rates for basic social assistance, provincial child benefits or the provincial family allowance to a lower level. The process varied,

but the result was the same: these jurisdictions clawed back what represents a significant amount of income from families on welfare.

New Brunswick and Newfoundland did not reduce basic social assistance when the supplement was introduced and have allowed families to benefit fully from the basic federal child tax benefit and the supplement. All other provinces and territories reduced their basic social assistance or child and family benefits every year for the first few years after the supplement was introduced.

A few provinces have since allowed at least some families on welfare to retain a portion of the supplement. But even then, these provinces allow families to keep only the money from more recent supplements. The overall welfare incomes for these families were already reduced because of the clawbacks in the past. These families did not benefit from the original value of the supplement.

Prince Edward Island treated the supplement as non-exempt income and subtracted the amount from basic social assistance.

Prior to August 2001, Nova Scotia treated the supplement as non-exempt income and subtracted it from basic social assistance. In August 2001, the province eliminated personal allowances for all children under 18 while deciding to allow welfare recipients to keep the full provincial and federal child tax benefits. The total amount of the provincial child tax benefit and the federal child tax benefit and supplement was not as large as the personal allowances were. As a result, the couple with two children lost income while the province touted its cessation of the clawback.

Prior to July 2001, Quebec reduced the family allowance by the full value of the supplement. As of July 2001, Quebec no longer deducted annual increases to the supplement from the family allowance. The family allowance is now held at the July 2000 rate of \$52.08 a month.

Ontario treated the supplement as non-exempt income and reduced basic social assistance by the full amount of the supplement each year.

Prior to July 2000, Manitoba treated the supplement as non-exempt income and subtracted it from basic social assistance for all families with children. From July 2000 to August 2001, a provincial supplement of \$20 a month was added to the welfare payments of families with children under seven to compensate for the clawback of the federal supplement. Since July 2001, families with children under seven are allowed to keep the annual increase to the federal supplement. The federal supplement is still deducted from basic social assistance for families with children aged seven and over but at the rate set in July 1999.

The Saskatchewan Child Tax Benefit was reduced by the full value of the supplement and its increases each year. This provincial child tax benefit will eventually be eliminated if increases to the supplement continue to be deducted.

In Alberta, the basic federal child tax benefit was adjusted depending on the age of the child. For children under seven years of age, the basic benefit was reduced to \$85.42 a month for the

first six months of 2002 and then \$87.92 for the last six months instead of the basic federal benefit of \$93.08 and \$95.92 a month for the same time periods in the rest of Canada. The ten-year-old child received \$91.25 per month and the fifteen-year-old child received \$102.08 per month for the first six months of 2002 and then \$93.83 and \$105 per month for the last six months of 2002. The federal supplement was then deducted dollar for dollar from basic social assistance.

In British Columbia, the BC Family Bonus was \$114.83 a child each month for the first six months of 2002 and then \$116.42 for the last six months. But the federal supplement was then fully deducted from these amounts for all low income families that were eligible for it – not just those families on welfare.

In the Yukon, Northwest Territories and Nunavut, the supplement was treated as non-exempt income and deducted dollar for dollar from basic social assistance.

As a result of the clawback, the already complex system of welfare programs has become even more complicated. With all the new rules and variations in welfare across the country, it is now almost impossible for welfare recipients to be sure that they are receiving all the benefits to which they are entitled.

The National Council of Welfare is very concerned by the fact that the clawbacks to the federal child tax benefit discriminate against families on welfare. Our 2001 report, *Child Poverty Profile 1998*, estimated that only 66 percent of poor families with children benefited from the federal child tax benefit between June 1998 and June 1999. Seventy-nine percent of poor two-parent families received the supplement, but only 57 percent of poor single-parent families were allowed to keep the supplement. As women head most single-parent families, we believe that this constitutes discrimination on the basis of gender.

GST CREDIT

The column for Federal GST Credit shows the federal refundable credit for the Goods and Services Tax or the federal portion of the Harmonized Sales Tax in the Atlantic provinces. The GST credit is paid quarterly if the family income was under \$26,941 based upon 2000 tax year income and \$27,749 based upon 2001 tax year income.

GST payments were received in January and April based upon 2000 tax year information and in July and October based upon 2001 tax year information. The four payments received in 2002 were worth a maximum of two payments at \$51.75 each and two payments at \$53.25 each per adult or the first child in a single-parent family for a total of \$210.00. For other dependent children, the maximum was two payments at \$27.25 each and two payments at \$28.00 each for a total of \$110.50.

Single adults also received an income-tested supplement in 2002 to a maximum of two payments at \$27.25 each and two payments at \$28.00 each for a total of \$110.50 if their annual income was higher than \$6,710 in 2000 or \$6,911 in 2001.

PROVINCIAL TAX CREDITS

The tax credits in Column 6 are the provincial government refund of the Harmonized Sales Tax in Newfoundland and Labrador, the Sales and Property Tax Credits in Ontario and the Sales Tax Credit in British Columbia.

TABLE 1.2: ESTIMATED 2002 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
NEWFOUNDLAND AND LABRADOR ³							
Single Employable	\$3,048				\$210	\$40	\$3,298
Person with a Disability	\$7,140	\$1,500			\$245	\$40	\$8,925
Single Parent, One Child	\$11,436		\$2,633	\$204	\$531	\$100	\$14,903
Couple, Two Children	\$11,916		\$4,613	\$516	\$641	\$200	\$17,886
PRINCE EDWARD ISLAND ⁴							
Single Employable	\$5,757				\$210		\$5,967
Person with a Disability ⁵	\$7,602	\$1,110			\$244		\$8,956
Single Parent, One Child ⁶	\$9,814		\$2,633		\$531		\$12,977
Couple, Two Children ⁷	\$14,473	\$350	\$4,613		\$641		\$20,077
NOVA SCOTIA ⁸							
Single Employable	\$4,980				\$210		\$5,190
Person with a Disability ⁹	\$8,580				\$240		\$8,820
Single Parent, One Child ¹⁰	\$8,760		\$2,633	\$445	\$531		\$12,368
Couple, Two Children ¹¹	\$11,520		\$4,613	\$1090	\$641		\$17,864

TABLE 1.2: ESTIMATED 2002 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
NEW BRUNSWICK							
Single Employable	\$3,168				\$210		\$3,378
Person with a Disability	\$6,696				\$210		\$6,906
Single Parent, One Child	\$8,772	\$900	\$2,633	\$250	\$531		\$13,085
Couple, Two Children	\$9,828	\$1,000	\$4,613	\$500	\$641		\$16,582
QUEBEC							
Single Employable ¹²	\$6,444				\$210		\$6,654
Person with a Disability ¹³	\$9,312				\$253		\$9,565
Single Parent, One Child ¹⁴	\$8,712		\$2,633	\$1,925	\$531		\$13,800
Couple, Two Children	\$10,939	\$199	\$4,613	\$1,250	\$641		\$17,642
ONTARIO							
Single Employable	\$6,240				\$210	\$383	\$6,833
Person with a Disability	\$11,160				\$297	\$306	\$11,763
Single Parent, One Child ¹⁵	\$10,210	\$105	\$2,633		\$531	\$393	\$13,871
Couple, Two Children ¹⁶	\$12,223	\$407	\$4,613		\$641	\$516	\$18,400

TABLE 1.2: ESTIMATED 2002 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
MANITOBA							
Single Employable	\$5,352				\$210		\$5,562
Person with a Disability ¹⁷	\$7,157	\$960			\$236		\$8,353
Single Parent, One Child ¹⁸	\$9,636		\$2,633		\$531		\$12,799
Couple, Two Children ¹⁹	\$12,849		\$4,613		\$641		\$18,103
SASKATCHEWAN²⁰							
Single Employable	\$5,808				\$210		\$6,018
Person with a Disability	\$7,416	\$1,020			\$241		\$8,677
Single Parent, One Child ²¹	\$9,036		\$2,633	\$651	\$531		\$12,850
Couple, Two Children ²²	\$12,192	\$215	\$4,613	\$669	\$641		\$18,330
ALBERTA							
Single Employable	\$4,764	\$60			\$210		\$5,034
Person with a Disability	\$6,384	\$996			\$221		\$7,601
Single Parent, One Child ²³	\$8,505	\$60	\$2,539		\$531		\$11,634
Couple, Two Children ²⁴	\$12,678	\$395	\$4,698		\$641		\$18,412

TABLE 1.2: ESTIMATED 2002 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
BRITISH COLUMBIA							
Single Employable ²⁵	\$6,166	\$35			\$210	\$50	\$6,461
Person with a Disability ²⁶	\$9,437	\$35			\$262	\$50	\$9,784
Single Parent, One Child ²⁷	\$10,300	\$80	\$2,633	\$114	\$531	\$50	\$13,706
Couple, Two Children ²⁸	\$12,253	\$190	\$4,613	\$430	\$641	\$100	\$18,227
YUKON ²⁹							
Single Employable	\$11,990	\$155			\$304		\$12,449
Person with a Disability	\$11,990	\$1,655			\$321		\$13,966
Single Parent, One Child ³⁰	\$15,816	\$548	\$2,633	\$300	\$531		\$19,827
Couple, Two Children ³¹	\$21,561	\$685	\$4,613	\$0	\$641		\$27,500
NORTHWEST TERRITORIES ³²							
Single Employable	\$11,490				\$246		\$11,736
Person with a Disability ³³	\$14,830				\$291		\$15,121
Single Parent, One Child ³⁴	\$18,050		\$2,633	\$330	\$531		\$21,543
Couple, Two Children ³⁵	\$23,036		\$4,613	\$660	\$641		\$28,950

TABLE 1.2: ESTIMATED 2002 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
NUNAVUT							
Single Employable ³⁶	\$10,148				\$278		\$10,426
Person with a Disability	\$12,288				\$318		\$12,606
Single Parent, One Child ³⁷	\$24,802		\$2,214	\$330	\$531		\$27,877
Couple, Two Children	\$28,431		\$2,941	\$660	\$549		\$32,582

¹ The federal child tax benefit includes the basic Canada Child Tax Benefit and the National Child Benefit Supplement that were received between January 1 and December 31, 2002.

² The federal GST credit includes the quarterly payments received between January 1 and December 31, 2002.

Newfoundland and Labrador

³ An increase of one percent to room and board rates was effective July 1, 2001.

Prince Edward Island

⁴ An increase to basic assistance and shelter was effective April 1, 2002.

⁵ An increase to the personal comfort allowance was effective April 1, 2002.

⁶ An increase to the healthy child allowance was effective August 1, 2002. PEI reduced the basic social assistance by the full amount of the National Child Benefit Supplement.

⁷ An increase to the healthy child allowance was effective August 1, 2002. PEI reduced the basic social assistance by the full amount of the National Child Benefit Supplement.

Nova Scotia

⁸ An increase to personal allowance and basic shelter was effective October 1, 2001.

⁹ An increase to the shelter allowance was effective October 1, 2001.

¹⁰ Nova Scotia eliminated personal allowances for children under 18 effective August 1, 2001. Nova Scotia no longer treats the National Child Benefit as non-exempt income effective August 1, 2001. An increase to the Nova Scotia Child Benefit was effective July 1, 2001.

¹¹ Nova Scotia eliminated personal allowances for children under 18 effective August 1, 2001. Nova Scotia no longer treats the National Child Benefit as non-exempt income effective August 1, 2001. An increase to the Nova Scotia Child Benefit was effective July 1, 2001.

Quebec

¹² An increase for applicants without a limited capacity for employment was effective January 1, 2002.

¹³ An increase for applicants with a severely limited capacity for employment was effective January 1, 2002.

¹⁴ An increase for applicants with a temporarily limited capacity for employment was effective January 1, 2002.

Ontario

¹⁵ Ontario reduced basic social assistance by the full amount of the National Child Benefit Supplement. An increase in the provincial tax credit for the single parent with one child was effective in 2002.

¹⁶ Ontario reduced basic social assistance by the full amount of the National Child Benefit Supplement. An increase in the provincial tax credit for the couple with two children was effective in 2002.

Manitoba

¹⁷ An increase in the disabled benefit was effective for the full calendar year of 2002.

¹⁸ A decrease in basic social assistance for the single parent with one child was effective July 2001. Manitoba no longer reduces basic social assistance by the National Child Benefit Supplement for children under seven effective July 1, 2001

¹⁹ A decrease in basic social assistance for the additional allowance of \$60 a month per household of two adults with children was effective January 2002. Manitoba reduced the basic social assistance by the full amount of the July 1999 rate of the National Child Benefit Supplement for children aged seven and over.

Saskatchewan

²⁰ An increase in utility rates is based upon actual average costs January to November 2002.

²¹ The Saskatchewan Child Benefit was decreased by the full amount of the National Child Benefit Supplement. Saskatchewan also paid a Child Differential Allowance of \$35 a month to the first child of a single parent.

²² The Saskatchewan Child Benefit was decreased by the full amount of the National Child Benefit Supplement.

Alberta

²³ Alberta reduced basic social assistance by the full amount of the National Child Benefit Supplement. The federal government provided the same basic federal child tax benefit to eligible families in all provinces and territories. The one exception is Alberta which asked the federal government to adjust the benefit depending upon the age of the child.

²⁴ Alberta reduced basic social assistance by the full amount of the National Child Benefit Supplement. The federal government provided the same basic federal child tax benefit to eligible families in all provinces and territories. The one exception is Alberta which asked the federal government to adjust the benefit depending upon the age of the child.

British Columbia

²⁵ BC eliminated the once in a lifetime benefit in the first month of assistance for the single employable person effective April 1, 2002 which will take effect in 2003. The higher rate for persons aged 55 to 64 was also eliminated.

²⁶ Effective September 1, 2002, Disability Benefits II was replaced by Persons with Disabilities (PWD). DBII recipients are being reviewed under the new PWD eligibility criteria which may result in changes in 2003. The Disability I category was replaced by Persons with Persistent Multiple Barriers (PPMB) and may result in changes for these recipients in 2003.

²⁷ A decrease in basic social assistance for the single parent with one child was effective April 1, 2002. The Family Bonus is also reduced by the full amount of the National Child Benefit Supplement.

²⁸ A decrease in basic social assistance for the couple with two children was effective April 1, 2002. The Family Bonus is also reduced by the full amount of the National Child Benefit Supplement. A decrease in the shelter payment was also effective July 1, 2002.

Yukon

²⁹ An increase in fuel and utilities was effective February 1, 2001.

³⁰ The Yukon Child Benefit Program was introduced July 1, 1999 and is \$300 per child per year if a family's income is less than \$16,700 in the previous tax year. Yukon deducts two percent of income over \$16,700 from the annual benefit for a single parent.

³¹ The Yukon Child Benefit Program was introduced July 1, 1999 and is \$300 per child per year if a family's income is less than \$16,700 in the previous tax year. Yukon deducts five percent of income over \$16,700 from the annual benefit of two-parent families. As a result, this family received no assistance from the program.

Northwest Territories

³² An increase in food rates was effective September 1, 2001. An increase in shelter for single and disabled persons, clothing, and seasonal clothing was effective May 1, 2002.

³³ An increase in the disabled allowance was effective May 1, 2002.

³⁴ NWT reduced basic social assistance by the full amount of the National Child Benefit Supplement.

³⁵ NWT reduced basic social assistance by the full amount of the National Child Benefit Supplement.

Nunavut

³⁶ Nunavut paid a lower clothing allowance for the single employable applicant for the first two months of welfare.

³⁷ Nunavut reduced basic social assistance by the full amount of the National Child Benefit Supplement. Due to the higher welfare incomes of Nunavut families, the supplement was paid at a lower level than the standard payment to families in other provinces and territories.

II. ADEQUACY OF BENEFITS

The welfare incomes in Table 1.2 for 2002 have not improved from the abysmally low levels reported in previous years. To demonstrate this trend, we compared them with the estimated poverty line for 2002. The results are shown in Table 2.1.

Each year, Statistics Canada calculates the low income cut-offs or LICOs for households of different sizes in communities of different sizes. They approximate levels of gross income where people are forced to spend much of their income on food, shelter and clothing. The poverty lines in this report are estimated and brought up to date using the Consumer Price Index.

The National Council of Welfare regards the low income cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results. The National Council of Welfare's *Poverty Profile* series discusses the issue of poverty lines in more depth.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 2.1 are so low that there is little or no difference between taxable and non-taxable income. For example, single employable people in Newfoundland and Labrador with a total welfare income of \$3,298 (including federal and provincial tax credits) were abysmally poor by any standard. Even if they had income of this amount from earnings, they would have been exempt from income tax because their earnings were so low.

Some provinces and territories also contend that welfare income is intended to provide only the bare necessities of life, while the incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 2.1 shows, no province had welfare rates consistently closer to the poverty lines than elsewhere. Rates in some provinces, especially rates for single employables, are far below the lines. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date. Rates this low cannot be described as anything other than punitive and cruel.

Column one of Table 2.1 shows the total welfare incomes of four different types of households in the ten provinces in 2002. The three territories are not included in this table because they are specifically excluded from the survey used to generate the low income cut-offs.

Column two indicates the estimated 2002 poverty line (Statistics Canada's low income cut-offs, 1992 base) for the largest city in each province. The poverty gap, or difference between the total welfare income and the poverty line, is shown in column three. The fourth column

represents the total welfare income as a percentage of the poverty line, that is, total welfare income divided by the poverty line.

Welfare incomes for single employable people remained by far the least adequate during 2002. The welfare income for this household type ranged from a low of 20 percent of the poverty line in Newfoundland and Labrador as well as in New Brunswick to a high of 36 percent of the poverty line in Prince Edward Island and Saskatchewan.

Welfare incomes for single people with disabilities were the lowest in Alberta at 39 percent of the poverty line followed by New Brunswick at 42 percent and Manitoba at 43 percent of the poverty line. The highest rate observed was in Ontario at 61 percent of the poverty line in 2002 down from 62 percent in 2001.

Welfare incomes for single-parent families were the lowest in Alberta at 48 percent of the poverty line followed by Manitoba at 53 percent of the poverty line. The highest rate was in Newfoundland and Labrador where welfare incomes for this household type was at 72 percent of the poverty line in 2002 down from 73 percent of the poverty line in 2001.

Finally, the welfare incomes for two-parent families with two children were the lowest in Quebec at 49 percent of the poverty line followed by Manitoba and British Colombia at 50 percent of the poverty line and Ontario and Alberta at 51 percent of the poverty line. The highest rate for this household type was in Prince Edward Island with a rate of 65 percent of the poverty line in 2002 up from 64 percent of the poverty line in 2001.

In 2002, welfare incomes ranged from a low of only one fifth of the estimated poverty line in Canada to a high of almost three quarters of the poverty line. The poverty gap has actually increased for all of our household types in Newfoundland, New Brunswick, Ontario, Alberta, and British Colombia compared to 2001. Only one province, Quebec, showed a narrowing of the poverty gap for three of the four household types.

TABLE 2.1: ADEQUACY OF 2002 BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND AND LABRADOR				
Single Employable	\$3,298	\$16,516	-\$13,218	20%
Person with a Disability	\$8,925	\$16,516	-\$7,590	54%
Single Parent, One Child	\$14,903	\$20,644	-\$5,741	72%
Couple, Two Children	\$17,886	\$31,080	-\$13,194	58%
PRINCE EDWARD ISLAND				
Single Employable	\$5,967	\$16,401	-\$10,434	36%
Person with a Disability	\$8,956	\$16,401	-\$7,445	55%
Single Parent, One Child	\$12,977	\$20,501	-\$7,524	63%
Couple, Two Children	\$20,077	\$30,864	-\$10,787	65%
NOVA SCOTIA				
Single Employable	\$5,190	\$16,516	-\$11,326	31%
Person with a Disability	\$8,820	\$16,516	-\$7,695	53%
Single Parent, One Child	\$12,368	\$20,644	-\$8,276	60%
Couple, Two Children	\$17,864	\$31,080	-\$13,216	57%
NEW BRUNSWICK				
Single Employable	\$3,378	\$16,516	-\$13,138	20%
Person with a Disability	\$6,906	\$16,516	-\$9,610	42%
Single Parent, One Child	\$13,085	\$20,644	-\$7,559	63%
Couple, Two Children	\$16,582	\$31,080	-\$14,498	53%
QUEBEC				
Single Employable	\$6,654	\$19,256	-\$12,602	35%
Person with a Disability	\$9,565	\$19,256	-\$9,691	50%
Single Parent, One Child	\$13,800	\$24,069	-\$10,269	57%
Couple, Two Children	\$17,642	\$36,235	-\$18,593	49%

TABLE 2.1: ADEQUACY OF 2002 BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
ONTARIO				
Single Employable	\$6,833	\$19,256	-\$12,422	35%
Person with a Disability	\$11,763	\$19,256	-\$7,492	61%
Single Parent, One Child	\$13,871	\$24,069	-\$10,198	58%
Couple, Two Children	\$18,400	\$36,235	-\$17,835	51%
MANITOBA				
Single Employable	\$5,562	\$19,256	-\$13,694	29%
Person with a Disability	\$8,353	\$19,256	-\$10,903	43%
Single Parent, One Child	\$12,799	\$24,069	-\$11,270	53%
Couple, Two Children	\$18,103	\$36,235	-\$18,132	50%
SASKATCHEWAN				
Single Employable	\$6,018	\$16,516	-\$10,498	36%
Person with a Disability	\$8,677	\$16,516	-\$7,839	53%
Single Parent, One Child	\$12,850	\$20,644	-\$7,794	62%
Couple, Two Children	\$18,330	\$31,080	-\$12,750	59%
ALBERTA				
Single Employable	\$5,034	\$19,256	-\$14,222	26%
Person with a Disability	\$7,601	\$19,256	-\$11,654	39%
Single Parent, One Child	\$11,634	\$24,069	-\$12,435	48%
Couple, Two Children	\$18,412	\$36,235	-\$17,823	51%
BRITISH COLUMBIA				
Single Employable	\$6,461	\$19,256	-\$12,795	34%
Person with a Disability	\$9,784	\$19,256	-\$9,471	51%
Single Parent, One Child	\$13,706	\$24,069	-\$10,363	57%
Couple, Two Children	\$18,227	\$36,235	-\$18,008	50%

III. WELFARE AND AVERAGE INCOMES

The low level of financial support provided by social assistance is also evident when measured against total average incomes. Welfare provides only a portion of the level of income that most Canadians would consider normal or reasonable.

Table 3.1 compares the welfare incomes of our four typical households with average incomes for the appropriate household type in each province. The averages for 2002 are based on data collected by Statistics Canada in the Survey of Labour and Income Dynamics, inflated by the Consumer Price Index.

For the single employable person and the single person with a disability, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Welfare incomes remain far, far below average. In 2002, the welfare income of a single employable person ranged in value from 15 percent of the average income of other single people in Newfoundland or New Brunswick to a high of 26 percent of the average incomes of single Prince Edward Islanders.

The welfare income of a disabled person ranged from a low of 25 percent of the income of other single Albertans, to 41 percent of the average income of other single Newfoundlanders. The single parent in Alberta received 27 percent of the average income of other single parents in that province, while a single parent on welfare in Newfoundland received 54 percent of the average income of other single parents in the province.

The couple with two children on welfare in Ontario received only 20 percent – one fifth – of the average income of other Ontario families of the same size. The best a two-parent family on welfare did was 33 percent – only one third – of the average incomes of other two-parent families in Prince Edward Island.

TABLE 3.1: 2002 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$3,298	\$21,744	15%
Person with a Disability	\$8,925	\$21,744	41%
Single Parent, One Child	\$14,903	\$27,534	54%
Couple, Two Children	\$17,886	\$60,449	30%
PRINCE EDWARD ISLAND			
Single Employable	\$5,967	\$22,960	26%
Person with a Disability	\$8,956	\$22,960	39%
Single Parent, One Child	\$12,977	\$35,185	37%
Couple, Two Children	\$20,077	\$60,583	33%
NOVA SCOTIA			
Single Employable	\$5,190	\$24,426	21%
Person with a Disability	\$8,820	\$24,426	36%
Single Parent, One Child	\$12,368	\$31,468	39%
Couple, Two Children	\$17,864	\$67,205	27%
NEW BRUNSWICK			
Single Employable	\$3,378	\$22,478	15%
Person with a Disability	\$6,906	\$22,478	31%
Single Parent, One Child	\$13,085	\$30,547	43%
Couple, Two Children	\$16,582	\$64,273	26%
QUEBEC			
Single Employable	\$6,654	\$28,798	23%
Person with a Disability	\$9,565	\$28,798	33%
Single Parent, One Child	\$13,800	\$33,275	41%
Couple, Two Children	\$17,642	\$73,887	24%

TABLE 3.1: 2002 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
ONTARIO			
Single Employable	\$6,833	\$35,267	19%
Person with a Disability	\$11,763	\$35,267	33%
Single Parent, One Child	\$13,871	\$41,787	33%
Couple, Two Children	\$18,400	\$90,606	20%
MANITOBA			
Single Employable	\$5,562	\$29,656	19%
Person with a Disability	\$8,353	\$29,656	28%
Single Parent, One Child	\$12,799	\$31,913	40%
Couple, Two Children	\$18,103	\$67,285	27%
SASKATCHEWAN			
Single Employable	\$6,018	\$27,633	22%
Person with a Disability	\$8,677	\$27,633	31%
Single Parent, One Child	\$12,850	\$29,239	44%
Couple, Two Children	\$18,330	\$70,960	26%
ALBERTA			
Single Employable	\$5,034	\$30,664	16%
Person with a Disability	\$7,601	\$30,664	25%
Single Parent, One Child	\$11,634	\$43,098	27%
Couple, Two Children	\$18,412	\$81,001	23%
BRITISH COLUMBIA			
Single Employable	\$6,461	\$32,593	20%
Person with a Disability	\$9,784	\$32,593	30%
Single Parent, One Child	\$13,706	\$36,117	38%
Couple, Two Children	\$18,227	\$77,910	23%

IV. PROVINCIAL AND TERRITORIAL BENEFITS OVER TIME

No other program of income support is as erratic as welfare. Every year, there are gains and losses that vary from one category of recipient to another and one jurisdiction to another. Tables 4.1 and 4.2 summarize the ups and downs of recent years, taking into consideration the impact of inflation.

The figures consist of those benefits shown in Table 1.2 that are exclusively within provincial and territorial jurisdiction, in other words, total welfare incomes less the National Child Benefit and the GST credit. Comparable figures for other years were calculated from *Welfare in Canada: The Tangled Safety Net* and previous editions of *Welfare Incomes*.

Using the Consumer Price Index, all the dollar figures in Table 4.1 are expressed in constant 2002 dollars to factor out the effects of inflation and to show the real purchasing power of welfare benefits over time. The percentages in the three columns of Table 4.2 show increases or decreases in real purchasing power over time.

The tables provide comparisons of provincial and territorial benefits from 1986 to 2002 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include the single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is available from 1989 to 2002. The National Council of Welfare first estimated welfare incomes in Northwest Territories in 1993, so the table shows comparisons only since that time. The data for Nunavut begin in 1999 when the territory was created.

Most welfare recipients in Canada saw a further erosion of their welfare incomes in 2002. Between 2001 and 2002, the cost of living rose by 2.2 percent. Provincial and territorial welfare benefits decreased, were frozen, or increased only slightly in most jurisdictions. When the change from 2001 to 2002 appears as -2.2 percent, it means that the welfare rates were frozen and welfare recipients lost 2.2 percent of their purchasing power to inflation.

Between 2001 and 2002, the purchasing power of welfare benefits dropped in every jurisdiction with the exception of Quebec and Northwest Territories. In Newfoundland and Labrador, the welfare income of the single employable person dropped by 1.6 percent. The disabled single person, single parent with a two year old, and the couple with a 10 and 15 year old all experienced a drop in the value of their provincial welfare benefits of 1.9 percent.

In Prince Edward Island, the value of provincial welfare incomes decreased for the single employable, single disabled, and couple with two children by 0.1 percent. The province increased welfare for the disabled in April, but not enough to outpace the increasing cost of living. For the single parent with a two year old, the value of welfare increased by 0.4 percent due to the increase in the Healthy Child Allowance and the increases to provincial welfare.

In Nova Scotia, the value of welfare increased for the single employable and single disabled person by 5.7 and 4.1 percent respectively. The province increased personal and shelter allowances at a rate higher than the cost of living for these two household types. The value of provincial welfare decreased for the single parent with one child by three percent and decreased

for the couple with a 10 and 15 year old by 8.4 percent. Nova Scotia eliminated personal allowances for children on welfare in August 2001. Increases in adult personal allowances and shelter were still insufficient to compensate for this loss in welfare income and the cost of living. Families on welfare in Nova Scotia lost a great deal in terms of real dollars over this period.

In New Brunswick, the single employable person, disabled single person, single parent with a two year old, and the couple with a 10 and 15 year old all experienced drops in the value of their welfare by 2.2 percent. This matches the change in the cost of living because New Brunswick welfare rates were frozen.

In Quebec, all family types had a slight increase in the value of their incomes due to a slight increase in provincial welfare benefits. Benefits for the single employable person rose by 1.6 percent. Benefits for the disabled single person and single parent with a two year old rose by half a percent. The couple with two children experienced an increase in the value of their welfare benefits by 0.7 percent.

In Ontario, all four household types experienced a loss in the purchasing power of their welfare benefits. Benefits for the single employable and single disabled person dropped by 2.2 percent or the 2002 cost of living because the province froze their welfare payments. Provincial benefits for the single parent with one child dropped by 3.5 percent and the couple with two children lost 4.4 percent. The larger drop in provincial government income for the two families with children occurs because of the clawback of the supplement to the federal child tax benefit.

In Manitoba, single employable and single disabled recipients saw their welfare benefits depreciate by 2.2 percent. This reflects the provincial government's freeze on benefits, and on the loss of the cost of living. The single parent with a two year old saw a very slight increase of 0.7 percent which reflects Manitoba's decision to cease its clawback of the supplement to the federal child tax benefit for children under seven. The couple with two older children saw a decrease in the value of their benefits drop by 2.1 percent. This decrease is slightly less than the cost of living. This is because the province deducted slightly less than the full value of the supplement to the federal child benefit.

In Saskatchewan, the single parent saw a slight increase in the value of welfare benefits by 0.8 percent. This was the only Saskatchewan family type to see an increase in provincial welfare. Welfare for the single employable person decreased by 1.5 percent. The single disabled person saw a decrease by two percent, and the couple with a 10 and 15 year old saw their benefits depreciate by 4.0 percent. Saskatchewan increased its utility rates for all household types which almost offset the cost of living. However, the couple with older children suffered from a larger reduction of the provincial child benefit program.

In Alberta, the single employable and single disabled person saw a decrease by the cost of living. The single parent with a two year old and the couple with a 10 and 15 year old saw losses of 4.1 and 4.7 percent due to decreases in provincial welfare payments equal to the value of the federal government's supplement to the child tax benefit.

In British Columbia, the single and single disabled person saw losses equal to the cost of living. For the single parent with a two year old, the loss was 7.1 percent and for the couple with two children, 6.2 percent, reflecting the provincial government's clawback of the supplement to the federal child tax benefit.

In Yukon, the value of welfare benefits decreased for all of the household types. The single employable person saw a loss of 1.3 percent, the disabled person saw a loss of 1.4 percent, the single parent saw a loss of 2.6 percent, and the couple saw a loss of 4.7 percent. Yukon increased its allowance for heating for all household types. For the families with children, the clawback of their provincial benefits by the amount of the federal child tax benefit supplement resulted in losses in their provincial welfare income.

In Northwest Territories, all household types saw an increase in the value of their benefits. For the single employable and disabled persons, the increases were substantial at 28.8 percent and 30.8 percent. These increases were due to increases across the board for food, shelter, and clothing that took effect in the autumn of 2001. For the single parent and couple households the increases were minor at 0.9 percent and 0.7 percent as the large gains in general welfare payments were offset by the clawback of the supplement to the federal child tax benefit.

In Nunavut, all household types experienced a slight decrease. Nunavut reduced the clothing allowance for single employable people when they first started on welfare. This change and the cost of living caused a drop in value by 2.5 percent. Benefits for the disabled person were frozen, so they dropped in value by the cost of living. Nunavut reduced its contribution to the income of the two families on welfare by clawing back the value of the supplement to the federal child tax benefit. The supplement to the federal child benefit is slightly less than the supplement to families in other jurisdictions due to higher family incomes on welfare in the territory. As a result, the territorial clawback is also slightly smaller.

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 2002 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
NEWFOUNDLAND AND LABRADOR															
Single Employable	5,165	4,982	4,952	4,875	5,118	5,057	5,048	4,940	2,812	1,225	1,232	1,230	1,715	3,138	3,088
Person with a Disability		10,036	9,930	9,630	9,845	9,714	9,698	9,490	9,340	9,261	9,215	9,133	8,996	8,846	8,680
Single Parent, One Child	12,948	12,683	12,658	12,800	13,326	13,165	13,143	12,861	12,658	12,564	12,534	12,387	12,159	11,961	11,740
Couple, Two Children	14,978	14,672	14,637	14,167	14,422	14,245	14,221	13,916	13,697	13,724	13,674	13,440	13,087	12,873	12,632
PRINCE EDWARD ISLAND															
Single Employable	9,592	9,281	9,237	9,234	9,368	9,301	8,356	6,435	5,895	5,879	5,826	5,725	5,867	5,764	5,757
Person with a Disability		10,802	10,691	10,539	10,667	10,577	10,447	10,047	9,263	9,078	8,996	8,840	8,898	8,720	8,712
Single Parent, One Child	13,222	12,795	12,894	12,793	12,995	12,920	12,674	12,064	11,512	11,029	10,598	9,991	10,056	9,774	9,814
Couple, Two Children	19,376	19,058	19,054	19,165	19,401	19,255	18,886	18,116	16,717	16,757	16,052	15,036	15,327	14,840	14,823
NOVA SCOTIA															
Single Employable	7,050	7,862	7,500	7,132	7,026	6,902	6,890	6,742	6,656	4,897	4,853	4,711	4,584	4,712	4,980
Person with a Disability		10,348	10,282	10,133	9,996	9,820	9,971	9,785	9,630	9,476	9,391	9,228	8,979	8,244	8,580
Single Parent, One Child	12,209	12,578	12,485	12,336	12,338	12,120	12,292	12,060	11,869	11,679	11,379	10,934	10,524	9,488	9,205
Couple, Two Children	14,696	16,001	15,287	14,776	14,794	14,580	14,555	14,243	15,289	15,475	15,011	13,780	13,478	13,771	12,610

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 2002 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
NEW BRUNSWICK															
Single Employable	3,475	3,760	3,703	3,624	3,627	3,577	3,599	3,536	3,520	3,504	3,472	3,412	3,320	3,238	3,168
Person with a Disability		9,851	9,695	9,413	9,425	9,366	7,347	7,318	7,287	7,369	7,339	7,212	7,017	6,843	6,696
Single Parent, One Child	10,436	10,193	10,032	9,809	9,882	9,913	10,321	10,822	10,760	10,883	10,877	10,688	10,398	10,140	9,922
Couple, Two Children	11,290	11,028	10,838	10,737	11,088	11,120	11,525	12,114	12,039	12,347	12,420	12,205	11,872	11,577	11,328
QUEBEC															
Single Employable	3,658	4,700	6,667	6,924	7,133	7,154	7,002	6,852	6,744	6,536	6,444	6,488	6,372	6,346	6,444
Person with a Disability		8,449	8,762	9,012	9,289	9,287	9,439	9,236	9,293	9,277	9,364	9,383	9,269	9,264	9,312
Single Parent, One Child	12,308	11,418	12,164	11,132	12,641	13,168	13,453	13,165	12,957	12,267	11,862	11,353	10,784	10,579	10,637
Couple, Two Children	15,908	14,912	14,587	15,017	15,530	15,992	15,783	15,445	15,201	14,416	13,909	13,120	12,562	12,306	12,388
ONTARIO															
Single Employable	7,817	8,404	9,174	9,415	9,741	9,710	9,716	9,019	7,400	7,325	7,259	7,133	6,941	6,769	6,623
Person with a Disability		12,135	12,941	13,228	13,449	13,373	13,381	13,094	12,888	12,682	12,567	12,349	12,017	11,718	11,466
Single Parent, One Child	13,999	15,083	16,898	17,314	17,632	17,606	17,619	16,338	13,421	13,230	12,776	12,139	11,625	11,100	10,708
Couple, Two Children	17,425	19,034	22,171	22,586	23,081	23,023	22,829	21,038	17,341	17,097	16,380	15,369	14,583	13,748	13,146

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 2002 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
MANITOBA															
Single Employable	7,756	8,047	8,150	8,053	8,218	8,085	7,526	7,375	6,823	5,919	5,866	5,764	5,609	5,470	5,352
Person with a Disability		8,751	8,634	8,492	10,443	9,406	9,332	9,132	8,989	8,845	8,764	8,688	8,506	8,295	8,117
Single Parent, One Child	11,982	11,744	11,599	11,406	12,635	11,336	11,245	11,004	10,831	10,657	10,229	9,629	9,402	9,569	9,636
Couple, Two Children	18,154	19,060	20,501	20,511	21,112	19,249	19,587	19,156	17,167	15,873	14,984	13,987	13,463	13,129	12,849
SASKATCHEWAN															
Single Employable	6,492	6,498	6,350	6,161	6,396	6,733	6,722	6,578	6,474	5,831	5,796	5,966	5,921	5,899	5,808
Person with a Disability		10,589	10,251	9,857	9,770	9,679	9,663	9,456	9,576	8,557	8,560	8,788	8,654	8,609	8,436
Single Parent, One Child	13,321	13,272	12,890	12,410	12,270	12,135	12,115	11,856	11,668	11,482	10,179	10,213	9,908	9,608	9,687
Couple, Two Children	18,687	18,416	17,876	17,185	17,473	17,235	17,272	16,905	16,639	15,418	14,837	14,811	14,109	13,625	13,076
ALBERTA															
Single Employable	9,238	6,422	6,124	6,661	6,712	6,327	5,518	5,399	5,314	5,260	5,287	5,195	5,056	4,930	4,824
Person with a Disability		7,942	7,574	7,976	7,925	7,694	7,665	7,523	7,405	7,317	7,326	7,386	7,734	7,542	7,380
Single Parent, One Child	13,527	12,041	11,483	12,052	12,024	11,545	10,727	10,497	10,331	10,250	10,066	9,778	9,398	8,933	8,565
Couple, Two Children	20,112	17,741	16,918	18,654	18,678	17,991	16,889	16,698	16,435	16,249	15,855	15,061	14,538	13,720	13,073

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN 2002 CONSTANT DOLLARS

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
BRITISH COLUMBIA															
Single Employable	6,599	7,241	7,400	7,284	7,507	7,532	7,720	7,579	6,891	6,781	6,720	6,603	6,478	6,389	6,251
Person with a Disability		9,993	10,333	10,096	10,539	10,611	10,859	10,663	10,495	10,327	10,233	10,056	9,866	9,732	9,522
Single Parent, One Child	11,884	13,081	13,214	12,951	13,534	13,583	13,918	13,663	13,448	13,177	12,726	12,096	11,691	11,347	10,543
Couple, Two Children	16,232	16,338	16,445	16,068	17,123	17,225	17,748	17,425	17,150	16,765	16,060	15,069	14,412	13,831	12,973
YUKON															
Single Employable	7,841	9,467	9,577	9,421	9,395	9,229	9,213	9,016	8,874	12,105	11,996	11,788	11,470	12,310	12,145
Person with a Disability		10,590	10,648	10,436	10,395	10,211	10,194	10,729	10,560	13,764	13,640	13,403	13,042	13,843	13,645
Single Parent, One Child	14,082	15,648	15,739	15,607	15,603	15,328	15,302	14,974	14,738	18,210	17,714	17,307	16,646	17,117	16,664
Couple, Two Children	21,575	23,491	23,325	23,328	23,520	23,105	23,066	22,572	22,216	26,229	25,438	24,259	23,238	23,343	22,246
NORTHWEST TERRITORIES															
Single Employable						13,214	13,192	12,909	12,621	7,963	8,176	9,153	8,907	8,923	11,490
Person with a Disability						14,968	14,942	14,622	14,645	10,551	10,522	11,458	11,149	11,335	14,830
Single Parent, One Child						22,403	22,364	21,885	21,439	18,753	18,554	19,516	18,795	18,216	18,380
Couple, Two Children						26,513	26,510	25,942	25,398	25,155	25,178	25,603	24,527	23,528	23,696
NUNAVUT															
Single Employable												10,972	10,677	10,412	10,148
Person with a Disability												13,234	12,878	12,558	12,288
Single Parent, One Child												27,691	26,750	25,846	25,132
Couple, Two Children												32,747	31,479	30,217	29,091

TABLE 4.2: CHANGE IN PERCENTAGE OF PROVINCIAL AND TERRITORIAL WELFARE BENEFITS
IN 2002 CONSTANT DOLLARS

	% Change 1986-2002	% Change 1989-2002	% Change 2001-2002		% Change 1986-2002	% Change 1989-2002	% Change 2001-2002
NEWFOUNDLAND AND LABRADOR				PRINCE EDWARD ISLAND			
Single Employable	-40.2%	-38.0%	-1.6%	Single Employable	-40.0%	-38.0%	-0.1%
Person with a Disability		-13.5%	-1.9%	Person with a Disability		-19.3%	-0.1%
Single Parent, One Child	-9.3%	-7.4%	-1.9%	Single Parent, One Child	-25.8%	-23.3%	0.4%
Couple, Two Children	-15.7%	-13.9%	-1.9%	Couple, Two Children	-23.5%	-22.2%	-0.1%
NOVA SCOTIA				NEW BRUNSWICK			
Single Employable	-29.4%	-36.7%	5.7%	Single Employable	-8.8%	-15.7%	-2.2%
Person with a Disability		-17.1%	4.1%	Person with a Disability		-32.0%	-2.2%
Single Parent, One Child	-24.6%	-26.8%	-3.0%	Single Parent, One Child	-4.9%	-2.7%	-2.2%
Couple, Two Children	-14.2%	-21.2%	-8.4%	Couple, Two Children	0.3%	2.7%	-2.2%
QUEBEC				ONTARIO			
Single Employable	76.2%	37.1%	1.6%	Single Employable	-15.3%	-21.2%	-2.2%
Person with a Disability		10.2%	0.5%	Person with a Disability		-5.5%	-2.2%
Single Parent, One Child	-13.6%	-6.8%	0.5%	Single Parent, One Child	-23.5%	-29.0%	-3.5%
Couple, Two Children	-22.1%	-16.9%	0.7%	Couple, Two Children	-24.6%	-30.9%	-4.4%
MANITOBA				SASKATCHEWAN			
Single Employable	-31.0%	-33.5%	-2.2%	Single Employable	-10.5%	-10.6%	-1.5%
Person with a Disability		-7.2%	-2.2%	Person with a Disability		-20.3%	-2.0%
Single Parent, One Child	-19.6%	-18.0%	0.7%	Single Parent, One Child	-27.3%	-27.0%	0.8%
Couple, Two Children	-29.2%	-32.6%	-2.1%	Couple, Two Children	-30.0%	-29.0%	-4.0%

TABLE 4.2: CHANGE IN PERCENTAGE OF PROVINCIAL AND TERRITORIAL WELFARE BENEFITS
IN 2002 CONSTANT DOLLARS

	% Change 1986-2002	% Change 1989-2002	% Change 2001-2002		% Change 1986-2002	% Change 1989-2002	% Change 2001-2002
ALBERTA				BRITISH COLUMBIA			
Single Employable	-47.8%	-24.9%	-2.2%	Single Employable	-5.3%	-13.7%	-2.2%
Person with a Disability		-7.1%	-2.2%	Person with a Disability		-4.7%	-2.2%
Single Parent, One Child	-36.7%	-28.9%	-4.1%	Single Parent, One Child	-11.3%	-19.4%	-7.1%
Couple, Two Children	-35.0%	-26.3%	-4.7%	Couple, Two Children	-20.1%	-20.6%	-6.2%
YUKON				NORTHWEST TERRITORIES			
Single Employable	54.9%	28.3%	-1.3%	Single Employable			28.8%
Person with a Disability		28.8%	-1.4%	Person with a Disability			30.8%
Single Parent, One Child	18.3%	6.5%	-2.6%	Single Parent, One Child			0.9%
Couple, Two Children	3.1%	-5.3%	-4.7%	Couple, Two Children			0.7%
NUNAVUT							
Single Employable			-2.5%				
Person with a Disability			-2.2%				
Single Parent, One Child			-2.8%				
Couple, Two Children			-3.7%				

Most perverse of all the changes in provincial and territorial contributions to welfare incomes is the effect of the National Child Benefit. When the federal government introduced the National Child Benefit in 1998, it allowed provincial and territorial governments to claw back the supplement to the benefit by reducing the welfare benefits of families by the value of the supplement. Only Newfoundland and New Brunswick refused to exercise this option. Several other jurisdictions have since ceased to claw back later increases to the supplement. The charts at the end of this section show the effect of the clawback on the total welfare income of a single-parent family with one child and on a couple with two children.

There are two charts for each province and territory. One chart shows the total welfare income for the single parent with a two year old child and the other chart shows the total welfare income for the couple with a 10 and 15 year old. Each chart has a white bar that shows the contribution of the provincial or territorial government. The black bar shows the federal government contribution to welfare. The federal amount includes the GST, the basic federal child tax benefit and the supplement. We have calculated these welfare incomes over time by adjusting the amounts to the cost of living as we did in Tables 4.1 and 4.2. All the annual welfare incomes are expressed in 2002 constant dollars.

Together, the white and black bars show the total welfare income for the single-parent family with one child and the two-parent family with two children for the period since the National Council of Welfare began calculating welfare incomes in 1986. What these graphs show is that in those provinces and territories where the governments have clawed back the supplement to the federal child tax benefit, the federal government is providing a larger and larger share of welfare incomes, but the total welfare incomes of families with children have not improved. With only a few exceptions, the white bars that show the share of welfare incomes that is paid by the provinces and the territories become smaller as the years go on.

In Newfoundland and Labrador, Figure 4.1 shows that the total 2002 welfare income was \$14,903 for the single parent with one child. This was made up of a contribution of \$11,740 from the province and \$3,163 from the federal government. When the cost of living is taken into account, single parents in Newfoundland and Labrador experienced a loss of \$90 since 2001. The purchasing power of the welfare income of the single-parent family in Newfoundland and Labrador peaked in 1992 at \$15,345. Even with the introduction of the federal child tax benefit supplement in 1998, the income of the single-parent family is below its 1992 peak of \$15,345.

Figure 4.2 shows that the couple with two children had a total annual income of \$17,886 in 2002 which consisted of \$12,632 from the province and \$5,254 from the federal government. The increase of \$28 in total welfare income from 2001 is because of the increase in the federal government's supplement to the basic federal child tax benefit which the province does not claw back.

In Prince Edward Island, Figure 4.3 shows that the 2002 total welfare income of the single parent with one child was \$12,977. This consisted of \$9,814 from the provincial government and \$3,163 from the federal government. This represented a slight increase from 2001 due to increases in provincial benefits that outpaced the province's clawback of the federal child supplement. The couple with two children in PEI also experienced a slight increase in the

purchasing power of their total welfare income of \$20,077 in 2002 but its income has not returned to its 1986 peak of \$22,616.

In Nova Scotia, both the single parent and the couple experienced a drop in the value of their welfare incomes from 2001. Nova Scotia's cuts to personal allowances for children in August 2001 were greater than any benefit to families from the provincial government's decision to cease the claw back of the federal child supplement. For the single-parent family, the 2001 welfare income was worth \$12,520, and dropped to \$12,369 in 2002. The couple with two children saw their income drop from \$18,756 in 2001 to \$17,864 in 2002.

Families on welfare in New Brunswick saw relatively little change in the value of the welfare incomes. Welfare payments rates stayed the same, so they decreased in value by the cost of living. However, since the provincial government does not claw back the supplement to the federal child benefit, total welfare incomes were protected. The single parent lost \$87 and the two-parent family gained \$20 between 2001 and 2002.

Figures 4.9 and 4.10 show that the value of the Quebec families' welfare incomes increased slightly. The province increased basic welfare rates and decided not to claw back the supplement to the federal child benefit as of July 2001.

In Ontario, total welfare incomes for both family types have dropped steadily since Ontario cut welfare drastically in 1994. The federal portion of welfare incomes has grown since federal child benefits were introduced in 1998. However, Ontario's decision to claw back the supplement ensured that welfare families do not enjoy any improvement in benefits.

Manitoba decided to cease the clawback to the supplement for children under seven. As a result, the single-parent family experienced a slight increase in its total welfare income from both the provincial and the federal government. The couple with two children saw a slight drop in total welfare income as the province continued to claw back their federal child supplement.

In Saskatchewan, the single-parent family saw a slight increase in total welfare income as a result of increases to provincial benefits and the federal government's contribution to child benefits. The couple experienced a slight decrease in their total income because the provincial government froze their basic welfare benefits and clawed back the supplement to the federal child benefit.

Figures 4.17 and 4.18 show that the value of total welfare incomes in Alberta for the single-parent family dropped by \$241 between 2001 and 2002, entirely because of provincial government clawbacks and cuts. The federal government actually increased its contribution to the income of this family from \$2,941 in 2001 to \$3,069 in 2002. The couple with two children saw their income drop by \$387, again because of the provincial government's policies, and again, despite an increase in the federal government's contribution.

British Columbia decreased its welfare rates. BC also clawed back the supplement to the federal child benefit by reducing the BC Family Bonus. In constant dollars, the value of welfare for BC families peaked in 1994 and has dropped ever since. The value of the single-parent family's income was \$13,706 in 2002, down \$672 from 2001, even though the federal government gave this family more money. Similarly, the 2002 income for the two-parent family

was \$18,227, down \$590 from the 2001 income. This occurred even as the federal government gave this family \$269 more.

In Yukon, both family types experienced a drop in their total welfare income. Yukon clawed back the supplement to the federal child benefit while it froze welfare incomes. The value of welfare incomes peaked in 1997 for both families but have been in decline ever since. The single-parent family received \$19,827 in 2002, down from \$20,149 in 2001, and the two-parent family received \$828 less in 2002 than it did in 2001.

In Northwest Territories, total welfare incomes for families increased slightly because of increases to basic welfare rates. NWT claws back the value of the supplement to the federal child tax benefit, but between 2001 and 2002 the increases to welfare were greater than the clawback.

Nunavut claws back the supplement to the federal child benefit by cutting welfare to families. As a result, in the three years since the territory was established, total welfare incomes for both family types shrunk. At the same time, the portion of welfare incomes supplied by the federal government has increased.

Figure 4.1: Newfoundland & Labrador Welfare Income, Single Parent, One Child (2002 dollars)

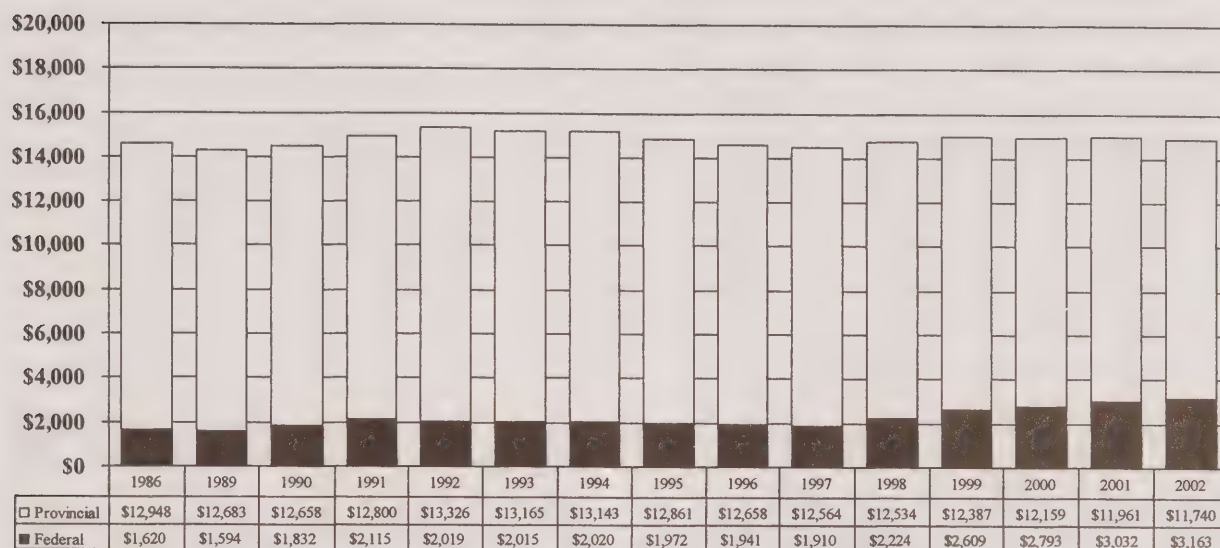
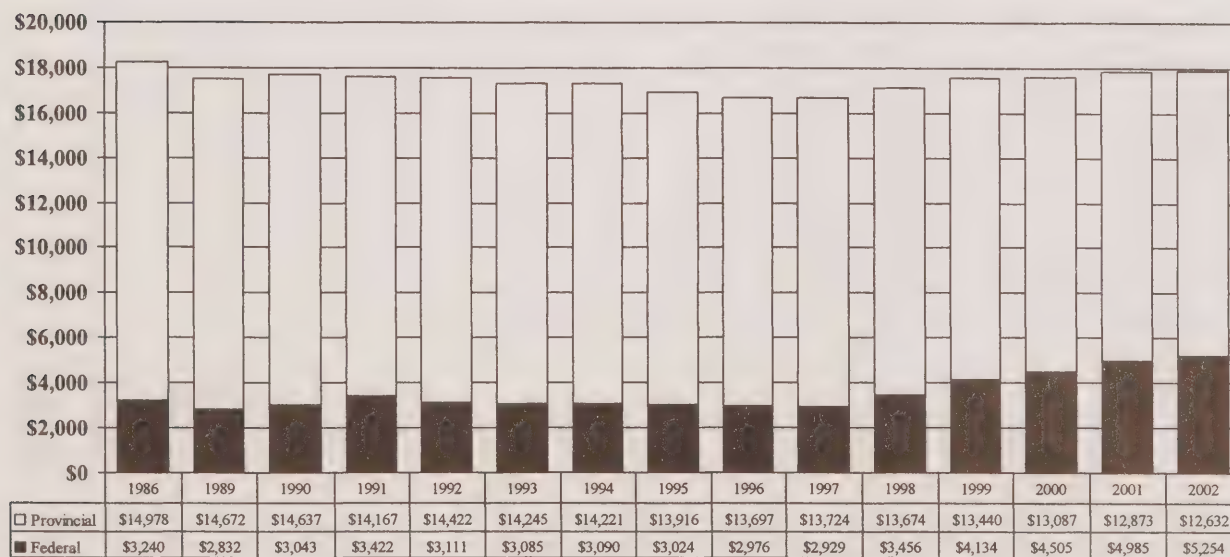
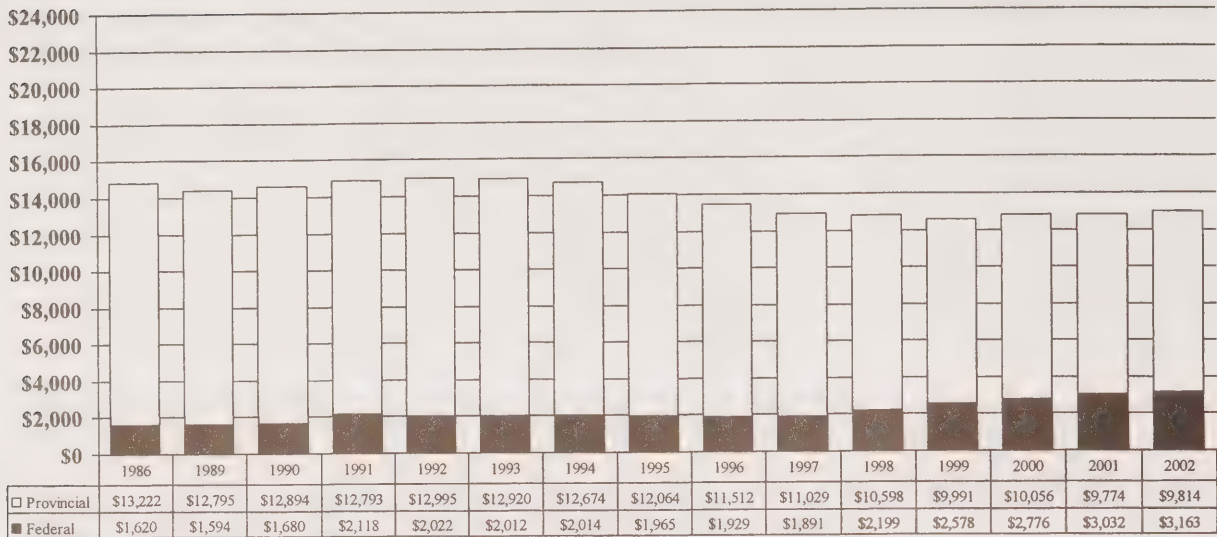


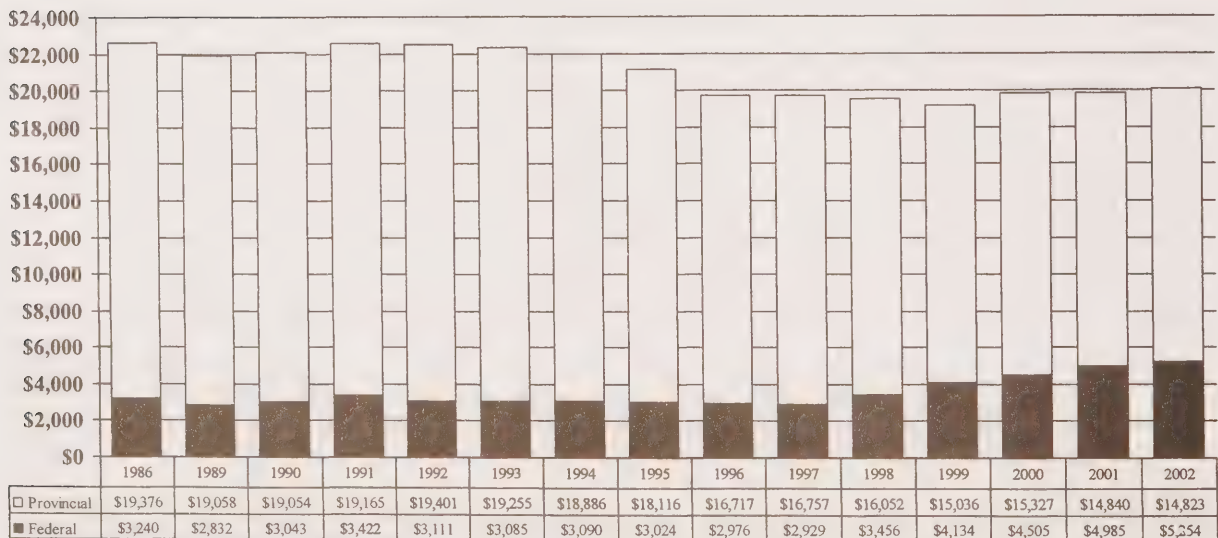
Figure 4.2: Newfoundland & Labrador Welfare Income, Couple, Two Children (2002 dollars)



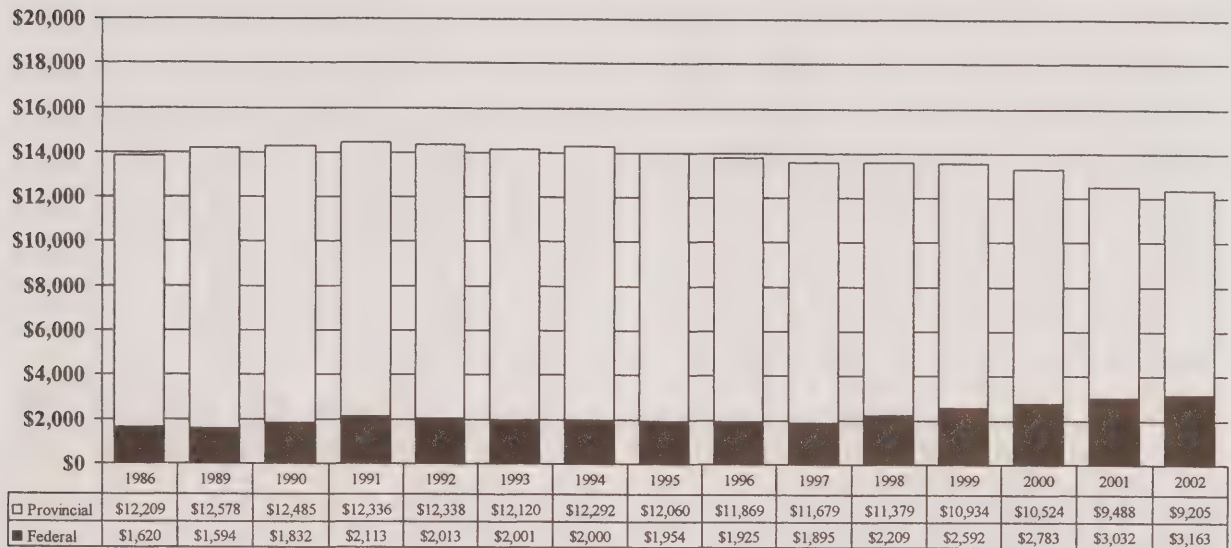
**Figure 4.3: Prince Edward Island Welfare Income,
Single Parent, One Child (2002 dollars)**



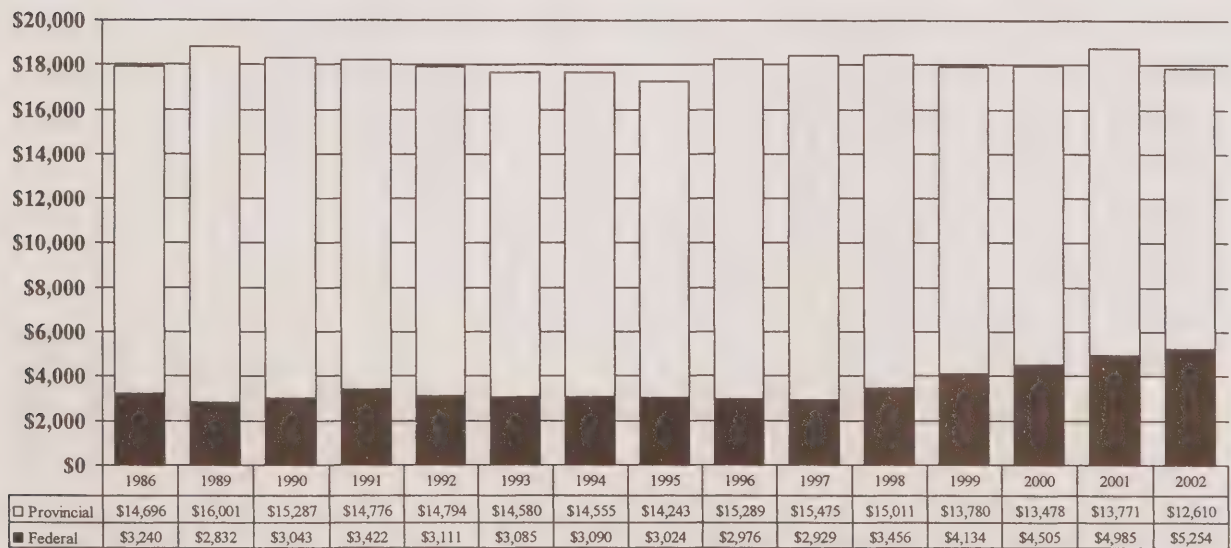
**Figure 4.4: Prince Edward Island Welfare Income,
Couple, Two Children (2002 dollars)**



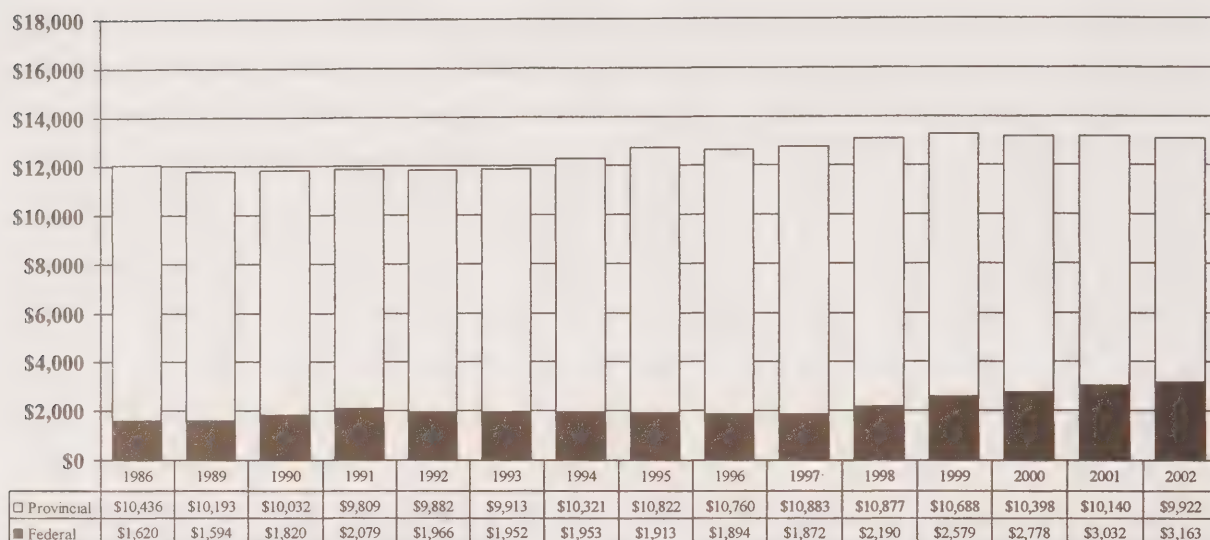
**Figure 4.5: Nova Scotia Welfare Income,
Single Parent, One Child (2002 dollars)**



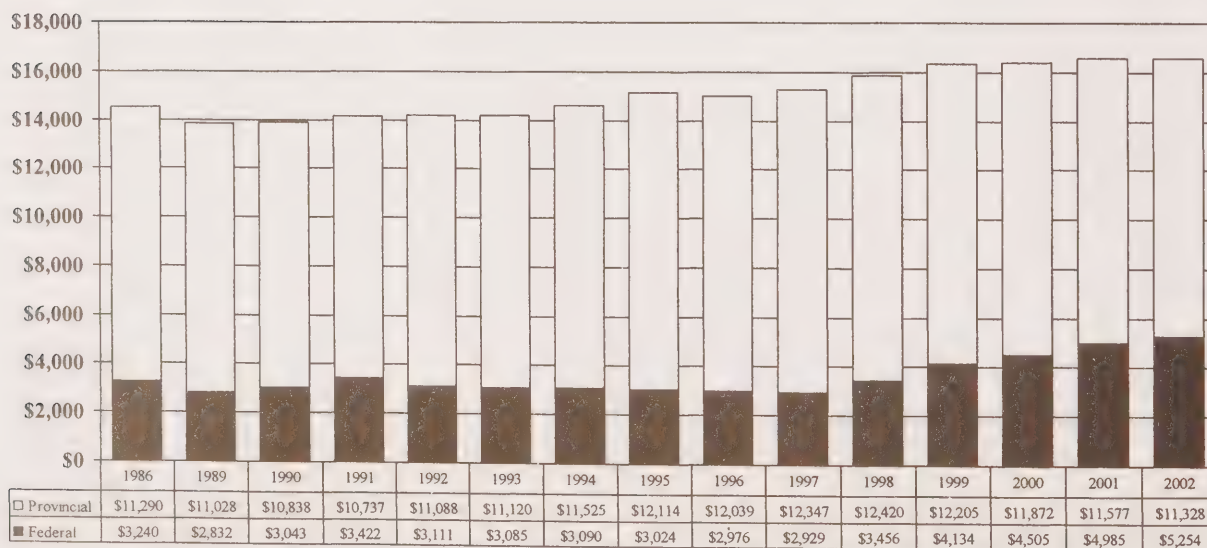
**Figure 4.6: Nova Scotia Welfare Income,
Couple, Two Children (2002 dollars)**



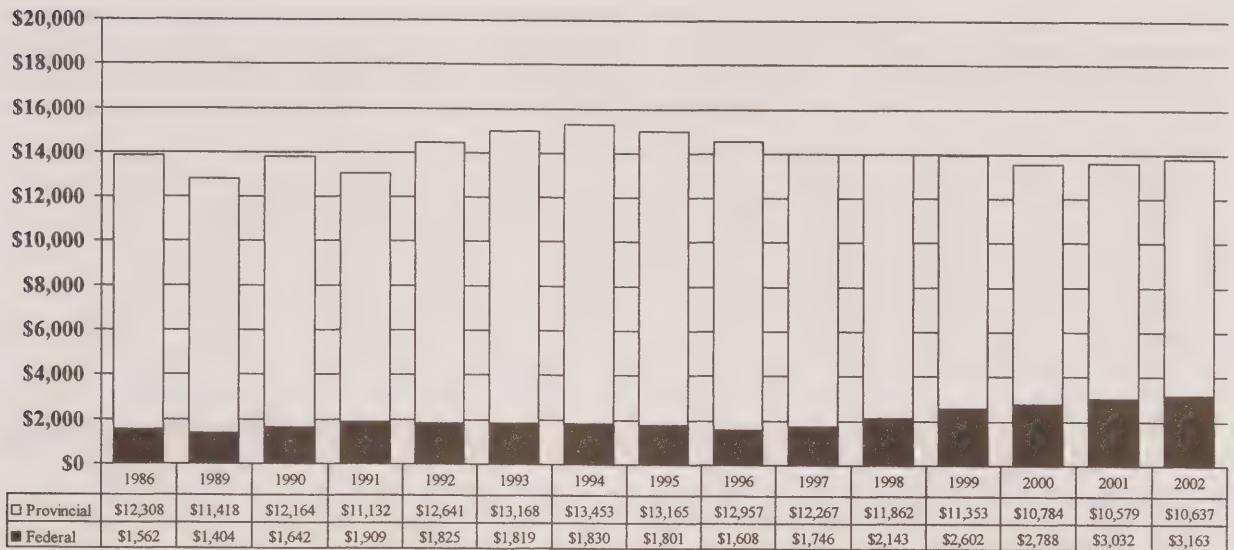
**Figure 4.7: New Brunswick Welfare Income,
Single Parent, One Child (2002 dollars)**



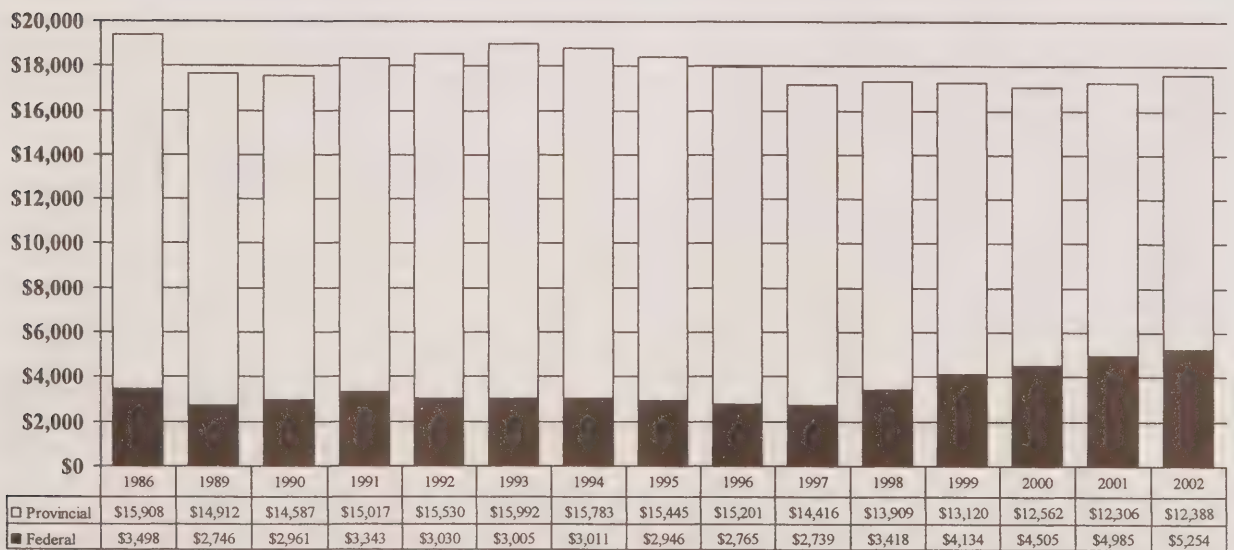
**Figure 4.8: New Brunswick Welfare Income,
Couple, Two Children (2002 dollars)**



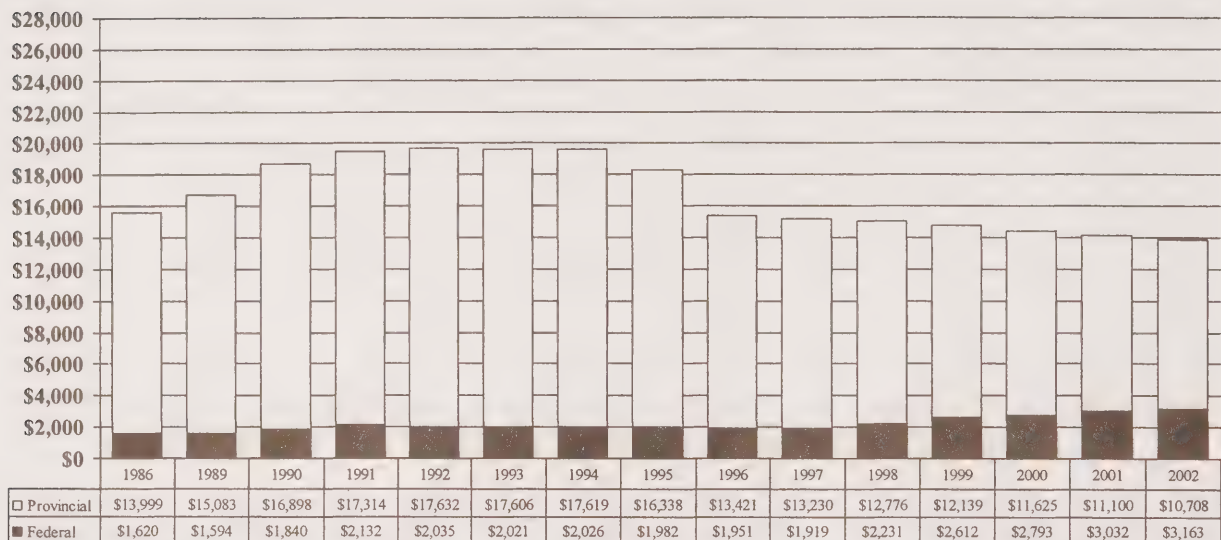
**Figure 4.9: Quebec Welfare Income,
Single Parent, One Child (2002 dollars)**



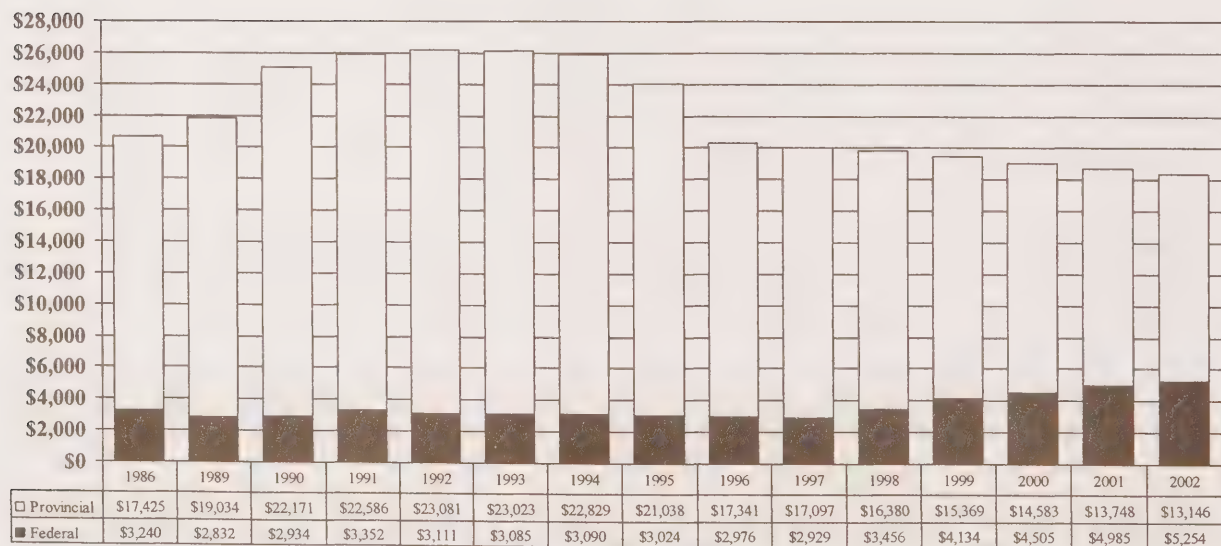
**Figure 4.10: Quebec Welfare Income,
Couple, Two Children (2002 dollars)**



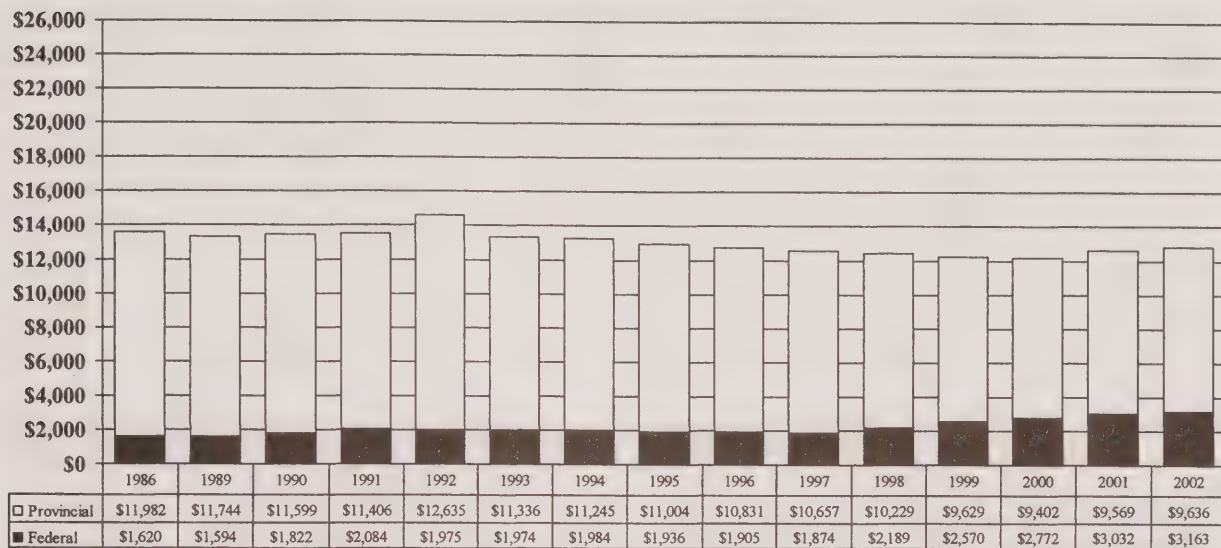
**Figure 4.11: Ontario Welfare Income,
Single Parent, One Child (2002 dollars)**



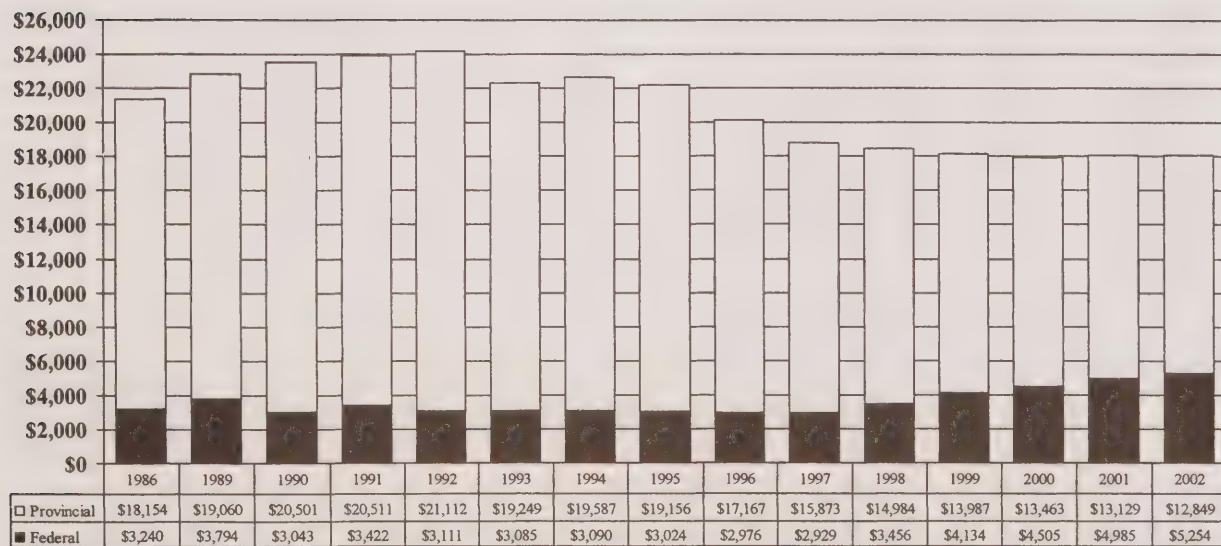
**Figure 4.12: Ontario Welfare Income,
Couple, Two Children (2002 dollars)**



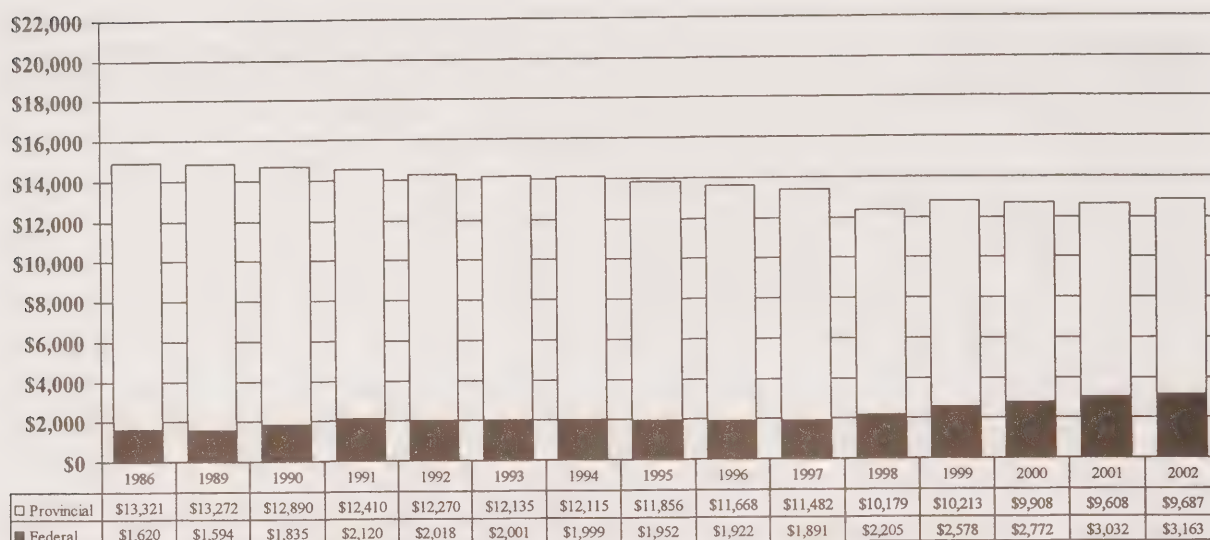
**Figure 4.13: Manitoba Welfare Income,
Single Parent, One Child (2002 dollars)**



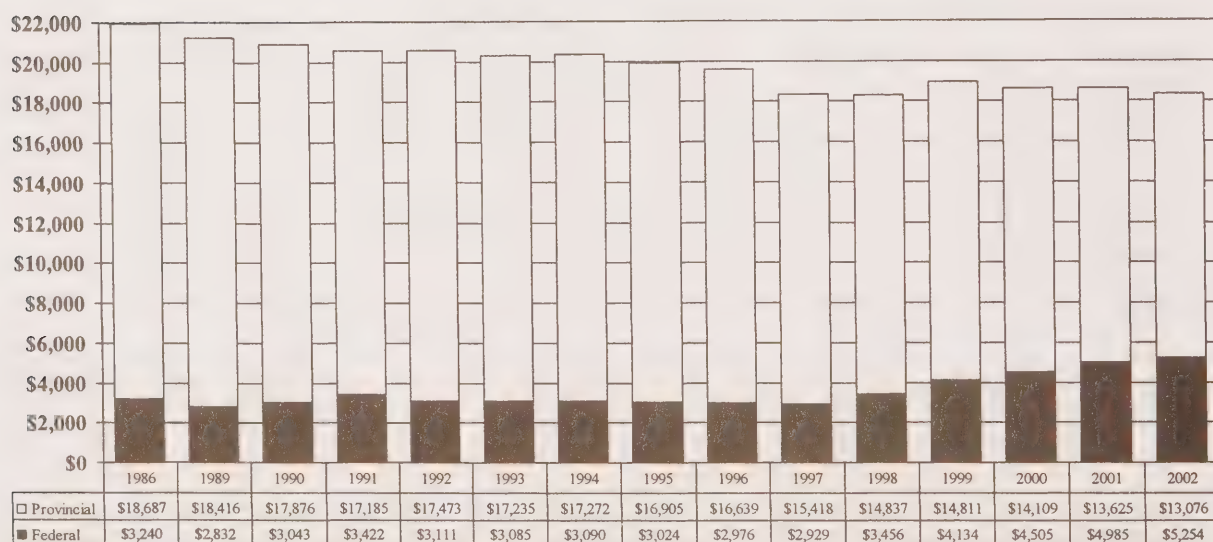
**Figure 4.14: Manitoba Welfare Income,
Couple, Two Children (2002 dollars)**



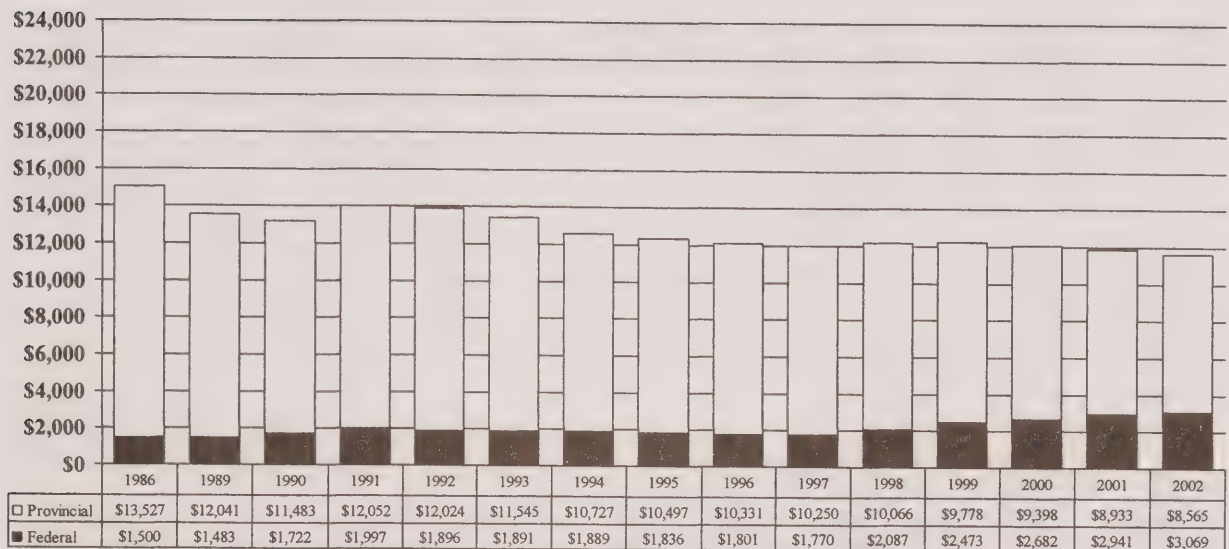
**Figure 4.15: Saskatchewan Welfare Income,
Single Parent, One Child (2002 dollars)**



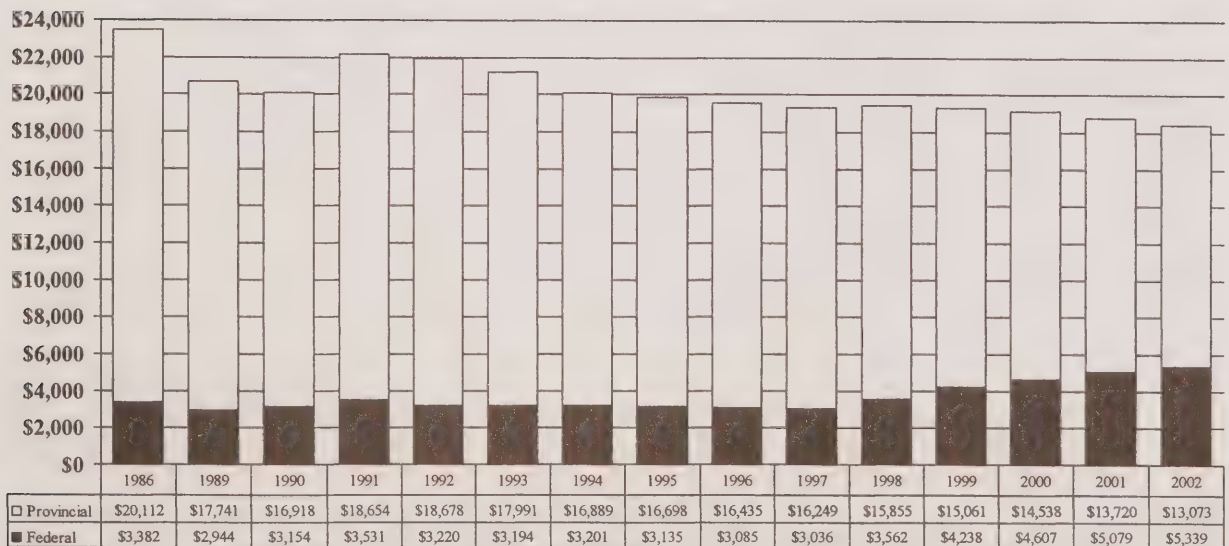
**Figure 4.16: Saskatchewan Welfare Income,
Couple, Two Children (2002 dollars)**



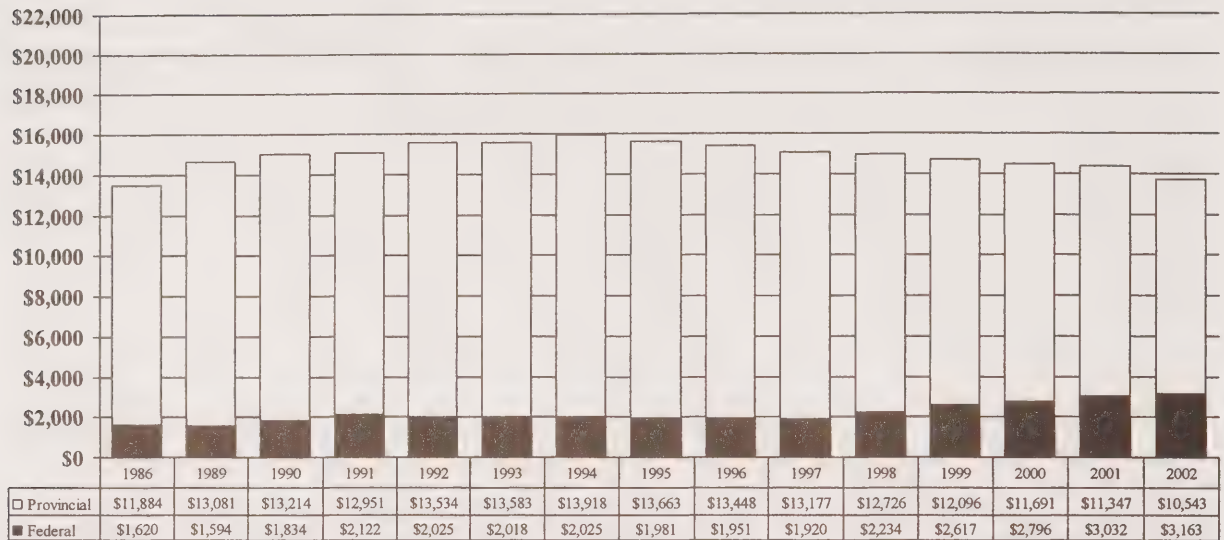
**Figure 4.17: Alberta Welfare Income,
Single Parent, One Child (2002 dollars)**



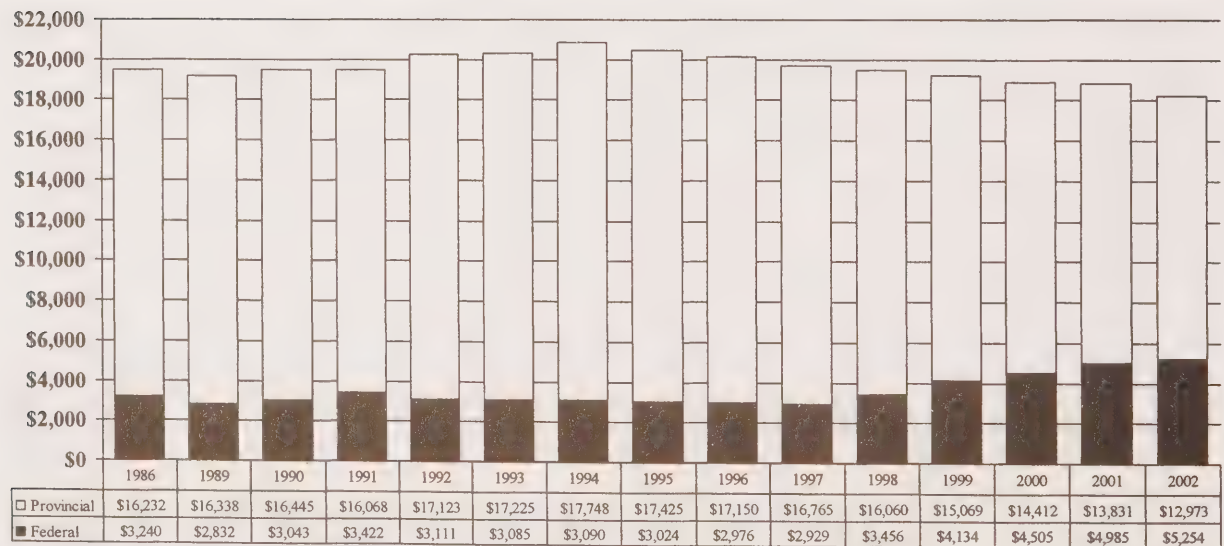
**Figure 4.18: Alberta Welfare Income,
Couple, Two Children (2002 dollars)**



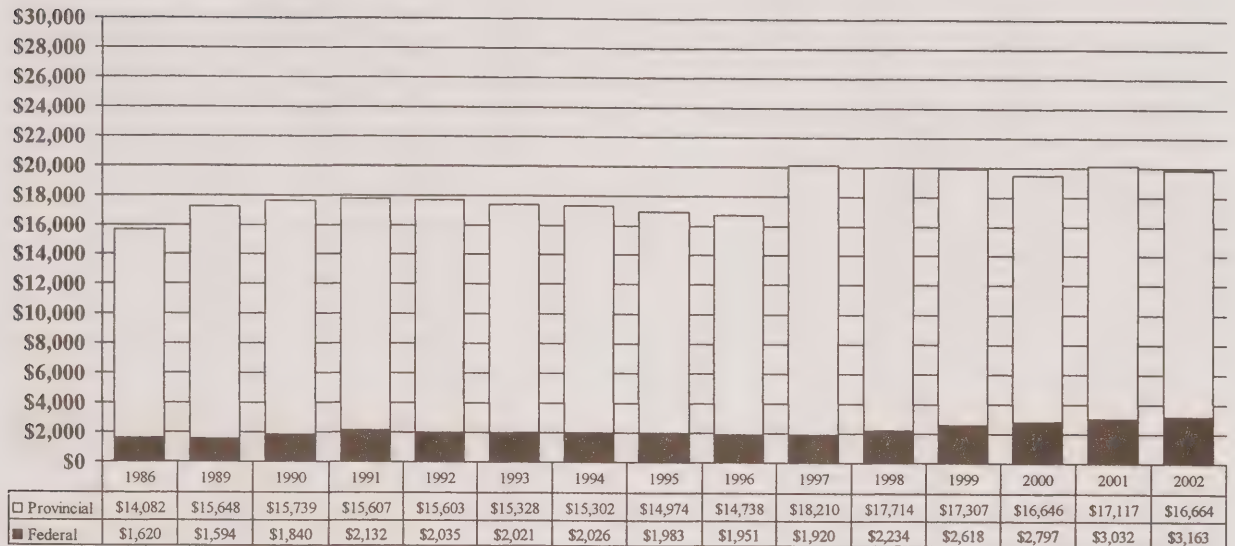
**Figure 4.19: British Columbia Welfare Income,
Single Parent, One Child (2002 dollars)**



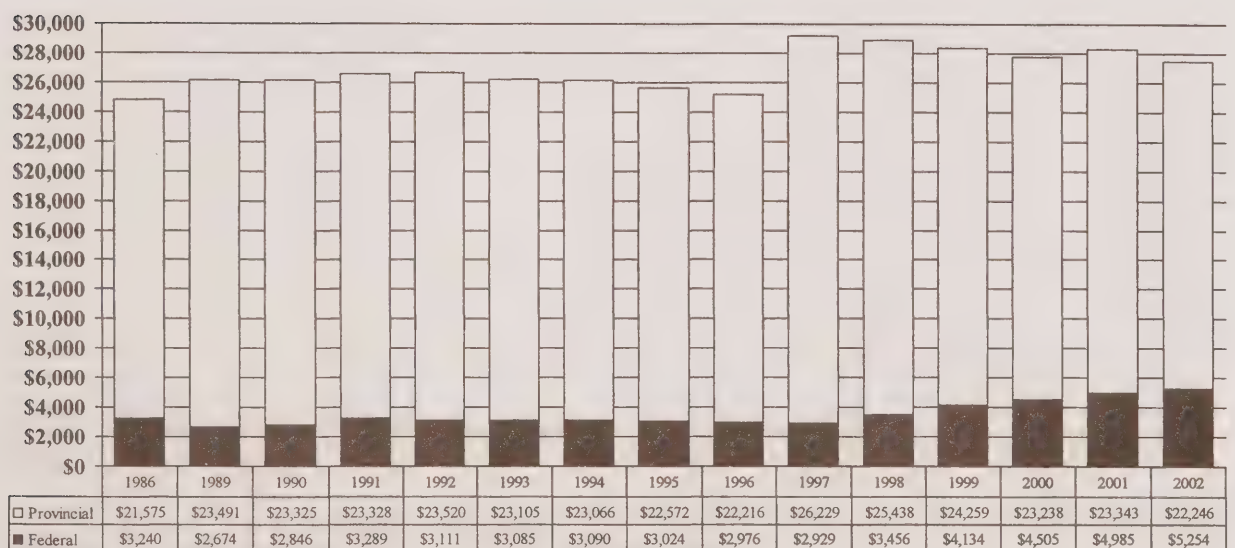
**Figure 4.20: British Columbia Welfare Income,
Couple, Two Children (2002 dollars)**



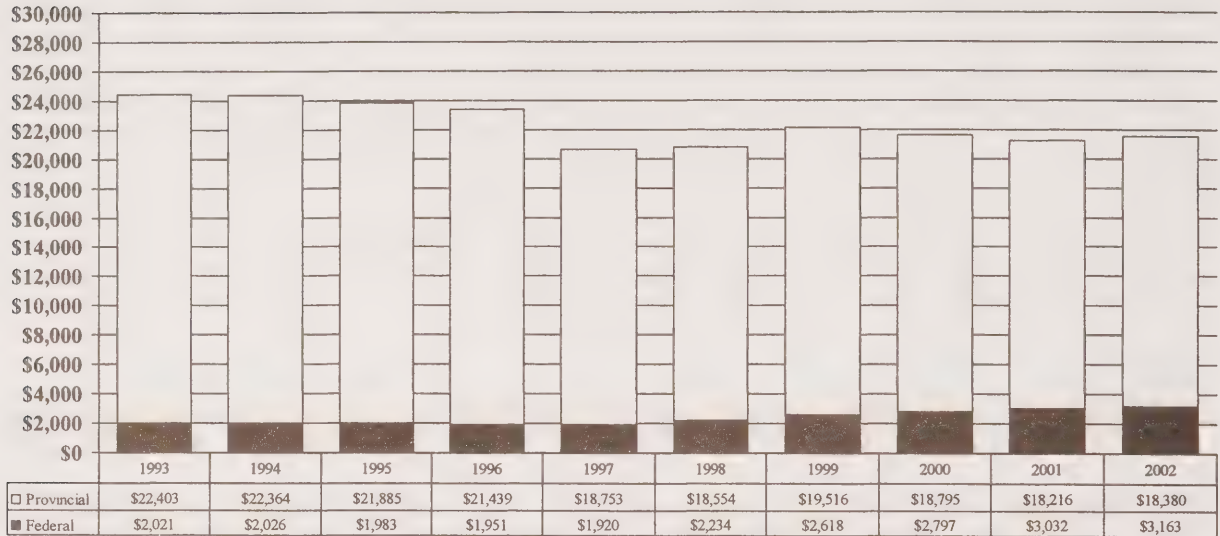
**Figure 4.21: Yukon Welfare Income,
Single Parent, One Child (2002 dollars)**



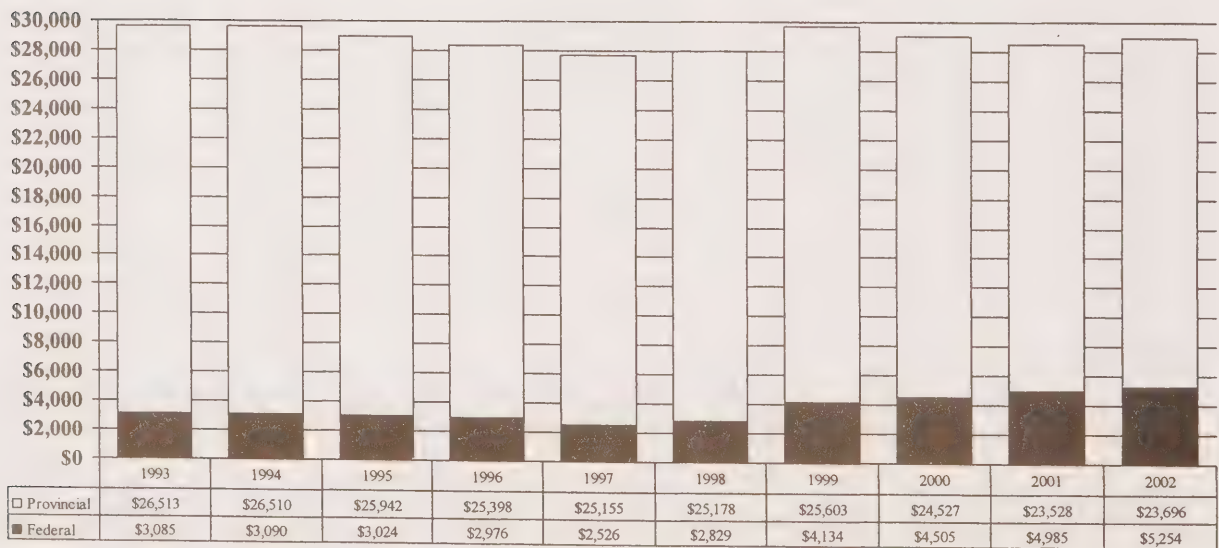
**Figure 4.22: Yukon Welfare Income,
Couple, Two Children (2002 dollars)**



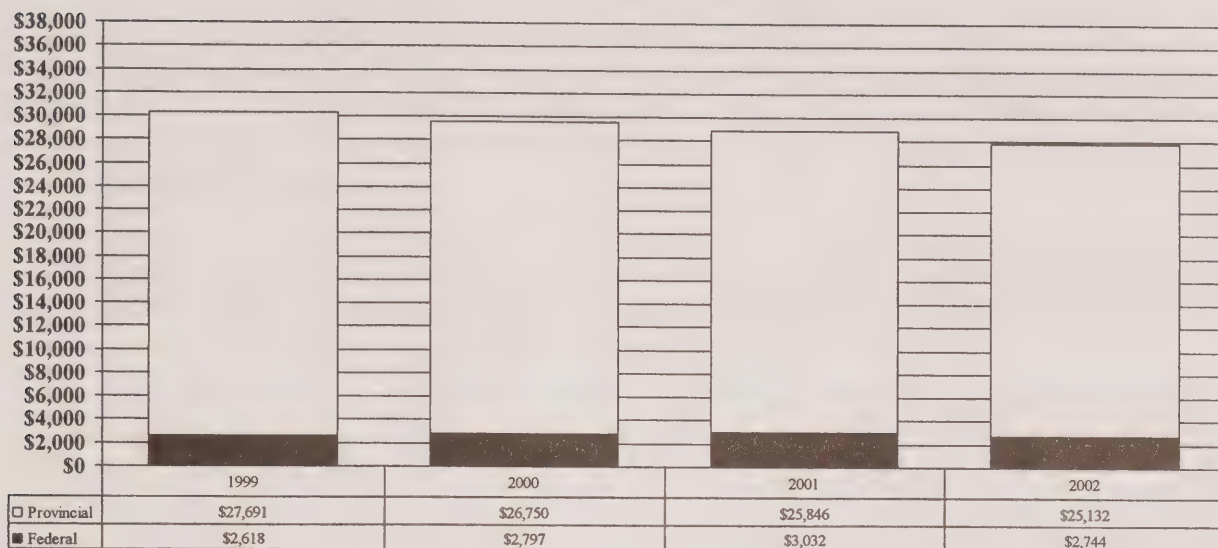
**Figure 4.23: Northwest Territories Welfare Income,
Single Parent, One Child (2002 dollars)**



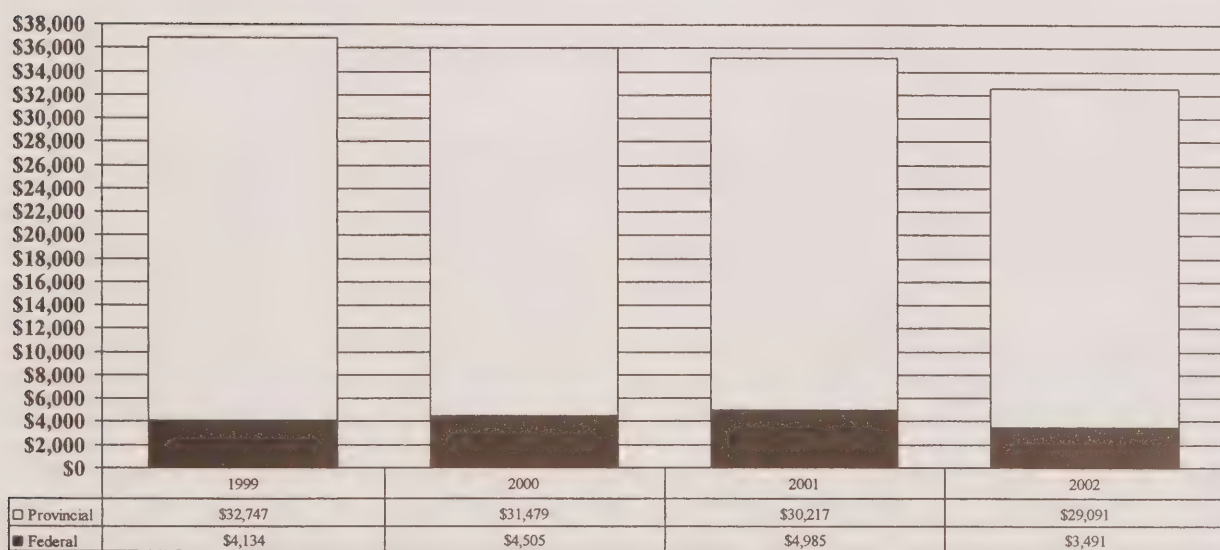
**Figure 4.24: Northwest Territories Welfare Income,
Couple, Two Children (2002 dollars)**



**Figure 4.25: Nunavut Welfare Income,
Single Parent, One Child (2002 dollars)**



**Figure 4.26: Nunavut Welfare Income,
Couple, Two Children (2002 dollars)**



V. WELFARE INCOMES AND POVERTY OVER TIME

In the years in which the National Council of Welfare has examined welfare rates, provincial and territorial governments have frequently made changes to their welfare programs. Table 5.1 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 2002. We have included the total income of welfare recipients, including basic social assistance from provincial and territorial governments, federal, provincial and territorial child benefits, GST credits and provincial tax credits. For each year, the incomes are shown as a percentage of the poverty line. This calculation ensures that the comparisons take into consideration factors such as the size of families and communities. This also allows us to make comparisons across provinces.

The territories are not included in this table because they are excluded from the Statistics Canada survey that is used to generate the low income cut-offs. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the figures for people with disabilities begin in 1989.

The last column of Table 5.1 shows that between 2001 and 2002, the standard of living for people on welfare declined for most cases. Incomes dropped for all household types in Ontario, Alberta, and British Columbia. In Nova Scotia, the single parent and the couple with children saw the adequacy of their welfare income drop by 1.2 percent and five percent respectively. Single employable people and single people with disabilities in Newfoundland, Prince Edward Island, New Brunswick, Manitoba, and Saskatchewan also lost more ground in 2002. In Newfoundland and New Brunswick, the single parent with one child fell behind. In Manitoba and Saskatchewan, couples with two children also fell behind.

Only the couples with two children in Newfoundland and Labrador, Prince Edward Island, and New Brunswick saw a 0.2, 1.3 and 0.1 percent improvement respectively in the adequacy of their welfare incomes in 2002. In Manitoba and Saskatchewan, only the single parents with one child saw a 1.5 percent and a 1.6 percent improvement.

Quebec was the only province that showed gains in the standard of living for all family types in 2002.

The column showing changes between 1986 and 2002 shows that the majority of household types realized losses in their standard of living over this sixteen-year period. The largest gains were made by the single employable person in Quebec. The greatest losses were those of the single employable person in Alberta whose income was 51 percent of the poverty line in 1986 but was only 26 percent of the poverty line by 2002.

At no point between 1986 and 2002 did any province or territory provide welfare benefits that allowed welfare recipients to reach the poverty line. As Table 5.1 shows, the highest rates ever achieved were still substantially below the poverty line and have since deteriorated significantly.

Between 1989 and 2002, single employable people in Prince Edward Island lost the most ground in their standard of living. Their incomes were worth 66 percent of the poverty line in 1989, and only 36 percent by 2002. This represents a drop of 81.4 percent.

The poorest of all welfare recipients in Canada are always single employable people. Newfoundland shares with New Brunswick the distinction of providing the lowest welfare income to single employable people at only 20 percent of the poverty line in 2002.

Since 1989, the welfare incomes of people with disabilities have steadily eroded. In every province except Quebec and Manitoba, these welfare incomes are a much lower percentage of the poverty line in 2002 than they were in 1989. Although there were minor gains made in some intervening years in some provinces, every gain has been lost over time.

Between 1986 and 2002, single parent families with one child lost ground in most provinces with the exception of Newfoundland, New Brunswick, Quebec and British Columbia. In Alberta, the welfare income of the single-parent family was at an all-time low of 48 percent of the poverty line in 2002, the lowest standard of living for a single parent in the country. The highest percentage for this household type was in Newfoundland at 72 percent of the poverty line in 2002 which is down from 73 percent in 2001.

A couple with two children ages 10 and 15 in Quebec experienced the lowest standard of living in Canada at only 49 percent of the poverty line in 2002. This was a major drop from 54 percent in 1989. The couple with two children in New Brunswick experienced the biggest gains in this time period. The highest percentage for this household type was in Prince Edward Island at 65 percent of the poverty line in 2002 down from a high of 78 percent in 1989.

Welfare incomes in all the provinces are grossly inadequate and in most cases are far less adequate than they were in 1989. The National Council of Welfare is extremely concerned about this trend. The poorest of the poor are falling farther behind and the gap between the haves and have nots widens in a country often regarded as the best place to live in the world.

On the next pages, Figures 5.1 and 5.2 illustrate that single employable people are consistently the most impoverished groups on welfare in all the provinces. Figures 5.3 and 5.4 show that single people with disabilities live at a poverty level only slightly better. For both groups of people on welfare, already low welfare benefits have in general eroded slowly over time.

TABLE 5.1: 2002 WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	% Change 1986-2002	% Change 1989-2002	% Change 2001-2002
NEWFOUNDLAND AND LABRADOR																		
Single Employable	33	32	32	33	34	33	33	33	19	9	9	9	12	20	20	-63.1%	-60.2%	-1.5%
Person with a Disability		64	63	63	64	63	63	62	61	60	60	59	56	55	54		-18.4%	-1.9%
Single Parent, One Child	68	66	67	69	71	71	70	69	68	67	69	70	72	73	72	6.1%	8.6%	-0.6%
Couple, Two Children	58	56	56	56	56	55	55	54	53	53	54	56	57	57	58	-0.6%	2.7%	0.2%
PRINCE EDWARD ISLAND																		
Single Employable	62	66	60	62	62	62	56	43	40	39	39	38	37	36	36	-70.2%	-81.4%	-0.1%
Person with a Disability		77	70	70	71	70	69	67	67	60	60	59	56	55	55		-41.0%	-0.1%
Single Parent, One Child	71	75	69	71	71	71	70	67	64	62	61	60	63	62	63	-11.7%	-18.5%	1.3%
Couple, Two Children	74	78	71	73	73	73	71	69	64	64	63	62	64	64	65	-13.1%	-19.9%	1.3%
NOVA SCOTIA																		
Single Employable	44	50	48	47	46	45	45	44	43	32	32	31	29	30	31	-41.5%	-59.1%	5.1%
Person with a Disability		66	66	66	65	64	65	63	62	61	61	60	56	51	53		-23.6%	3.7%
Single Parent, One Child	64	66	66	67	67	66	67	65	64	63	63	63	64	61	60	-7.4%	-10.2%	-1.2%
Couple, Two Children	57	60	58	58	57	56	56	55	58	59	59	57	58	60	57	0.8%	-4.4%	-5.0%
NEW BRUNSWICK																		
Single Employable	22	24	24	25	24	24	24	24	24	23	23	23	21	21	20	-7.1%	-17.3%	-2.1%
Person with a Disability		63	62	62	61	61	61	48	47	48	48	47	44	43	42		-50.7%	-2.1%
Single Parent, One Child	56	55	55	55	55	55	57	59	59	59	61	62	64	64	63	11.5%	13.2%	-0.7%
Couple, Two Children	46	44	44	45	45	45	46	48	48	49	50	52	53	53	53	13.4%	17.5%	0.1%
QUEBEC																		
Single Employable	20	31	48	41	41	41	40	39	39	37	37	37	34	34	35	41.4%	10.3%	1.5%
Person with a Disability		47	49	53	53	53	54	53	53	53	53	53	49	49	50		5.4%	0.5%
Single Parent, One Child	57	54	58	54	59	60	62	61	60	57	57	57	56	57	57	1.2%	5.8%	1.4%
Couple, Two Children	54	54	59	52	52	53	52	51	51	48	48	48	47	48	49	-11.3%	-10.9%	2.0%

TABLE 5.1: 2002 WELFARE INCOME AS PERCENTAGE OF THE POVERTY LINE

	1986	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	% Change 1986-2002	% Change 1989-2002	% Change 2001-2002
ONTARIO																		
Single Employable	43	47	52	54	55	55	55	51	42	42	41	41	37	36	35	-22.0%	-32.4%	-2.1%
Person with a Disability		68	72	75	76	76	76	74	73	72	71	70	64	62	61		-11.3%	-2.2%
Single Parent, One Child	64	68	76	79	80	80	80	75	63	62	61	60	60	59	58	-10.7%	-18.0%	-1.9%
Couple, Two Children	58	61	70	72	73	73	72	67	57	56	55	55	53	52	51	-13.6%	-20.1%	-1.8%
MANITOBA																		
Single Employable	43	40	46	46	47	47	44	42	39	34	34	33	30	29	29	-48.7%	-38.5%	-2.1%
Person with a Disability		43	49	49	59	53	53	52	51	50	50	49	45	44	43		0.9%	-2.2%
Single Parent, One Child	56	50	54	55	60	54	54	53	52	51	51	50	51	52	53	-4.5%	6.0%	1.5%
Couple, Two Children	60	60	65	67	68	63	64	62	56	52	51	50	50	50	50	-19.6%	-20.1%	-0.1%
SASKATCHEWAN																		
Single Employable	41	42	41	41	42	44	44	43	42	38	38	39	37	37	36	-12.4%	-15.3%	-1.5%
Person with a Disability		67	65	65	63	63	63	61	62	56	56	57	54	54	53		-27.5%	-2.0%
Single Parent, One Child	70	69	68	68	66	66	66	64	63	62	58	59	61	61	62	-11.7%	-10.9%	1.6%
Couple, Two Children	70	68	66	65	65	65	65	63	62	58	58	60	60	60	59	-18.2%	-15.3%	-1.5%
ALBERTA																		
Single Employable	51	36	35	39	38	36	32	31	31	30	30	30	27	27	26	-95.7%	-37.7%	-2.1%
Person with a Disability		44	43	60	45	44	44	43	42	42	42	42	41	40	39		-11.5%	-2.1%
Single Parent, One Child	61	55	53	57	57	54	52	50	50	49	50	50	50	49	48	-27.0%	-13.8%	-2.1%
Couple, Two Children	66	58	56	62	61	59	56	55	55	54	54	54	53	52	51	-29.1%	-14.1%	-2.1%
BRITISH COLUMBIA																		
Single Employable	37	41	42	40	43	43	44	43	39	39	38	38	35	34	34	-8.9%	-22.2%	-2.1%
Person with a Disability		56	58	58	60	60	61	61	60	59	58	57	53	52	51		-10.2%	-2.2%
Single Parent, One Child	55	60	61	62	64	64	65	64	63	62	61	60	60	60	57	3.1%	-5.4%	-4.9%
Couple, Two Children	54	53	54	54	56	57	57	57	56	55	54	54	52	52	50	-8.1%	-5.4%	-3.2%

The adequacy of welfare incomes has declined, but there is a variation in that pattern, even within regions. Among the five eastern provinces shown in Figure 5.1, the most consistently low incomes for single employable people were in New Brunswick. In 1986, the New Brunswick income for a single employable person was worth only 22 percent of the poverty line, and this has barely fluctuated since. By 2002, the New Brunswick income was 20 percent. In Newfoundland, the single employable person had an income worth 33 percent of the poverty line in 1986. In 1996, the provincial government imposed a severe cut to the welfare rates of single employable people, bringing their incomes down to only nine percent of the poverty line. In 2000, Newfoundland relented on this draconian practice. A single employable person in Newfoundland received all of 20 percent of the poverty line in 2002 – tied with New Brunswick and still the least adequate welfare rate in the country.

The least inadequate welfare income in Canada for a single employable person was 66 percent of the poverty line in Prince Edward Island in 1989. By 2002, this rate had deteriorated to 36 percent of the poverty line, the worst income PEI had ever provided to single employable people who are down on their luck.

In the five western provinces shown in Figure 5.2 there were also significant changes in the value of welfare incomes for single employable people. The value of Manitoba's welfare dropped from 43 percent in 1986 to only 29 percent by 2002. In Saskatchewan, the value of welfare dropped from 41 percent of the poverty line to 36 percent in 2002. In British Columbia, welfare was worth 37 percent of the poverty line in 1986, climbed to 44 percent by 1994, and had dropped to only 34 percent by 2002.

The most striking changes were in Alberta and in Ontario. In Alberta, the value of welfare dropped from 51 percent of the poverty line in 1986 to an all-time low of 26 percent by 2002. In Ontario, the value of welfare for a single employable person was only 43 percent of the poverty line in 1986, but rose to 55 percent for 1992 and 1993. By 2002, the single person on welfare in Ontario subsisted on only 35 percent of the poverty line.

The 2002 welfare incomes for people with disabilities have declined in value in the years the National Council of Welfare has tracked the situation. Welfare rates for people with disabilities are consistently better than those for people considered employable, but they are still very low. While this group of welfare recipients was often spared the direct cuts to welfare, their incomes were not spared from the erosion of inflation and freezes to increases in benefits.

Figure 5.3 shows the slow and steady decline in value in Newfoundland from 64 percent of the poverty line in 1989 to 54 percent by 2002. In PEI, a single person with a disability had an income worth 77 percent of the poverty line in 1989 – the highest in the country at the time. By 2002, it was worth only 54 percent. In Nova Scotia, the income was worth 66 percent of the poverty line in 1989, then declined in value slowly until it was worth 53 percent of the poverty line in 2002. A disabled person in Quebec had an income worth only 47 percent of the poverty line in 1989. That income increased in value to 54 percent in 1994, then declined to 50 percent by 2002. New Brunswick's welfare for a single disabled person was worth 63 percent of the

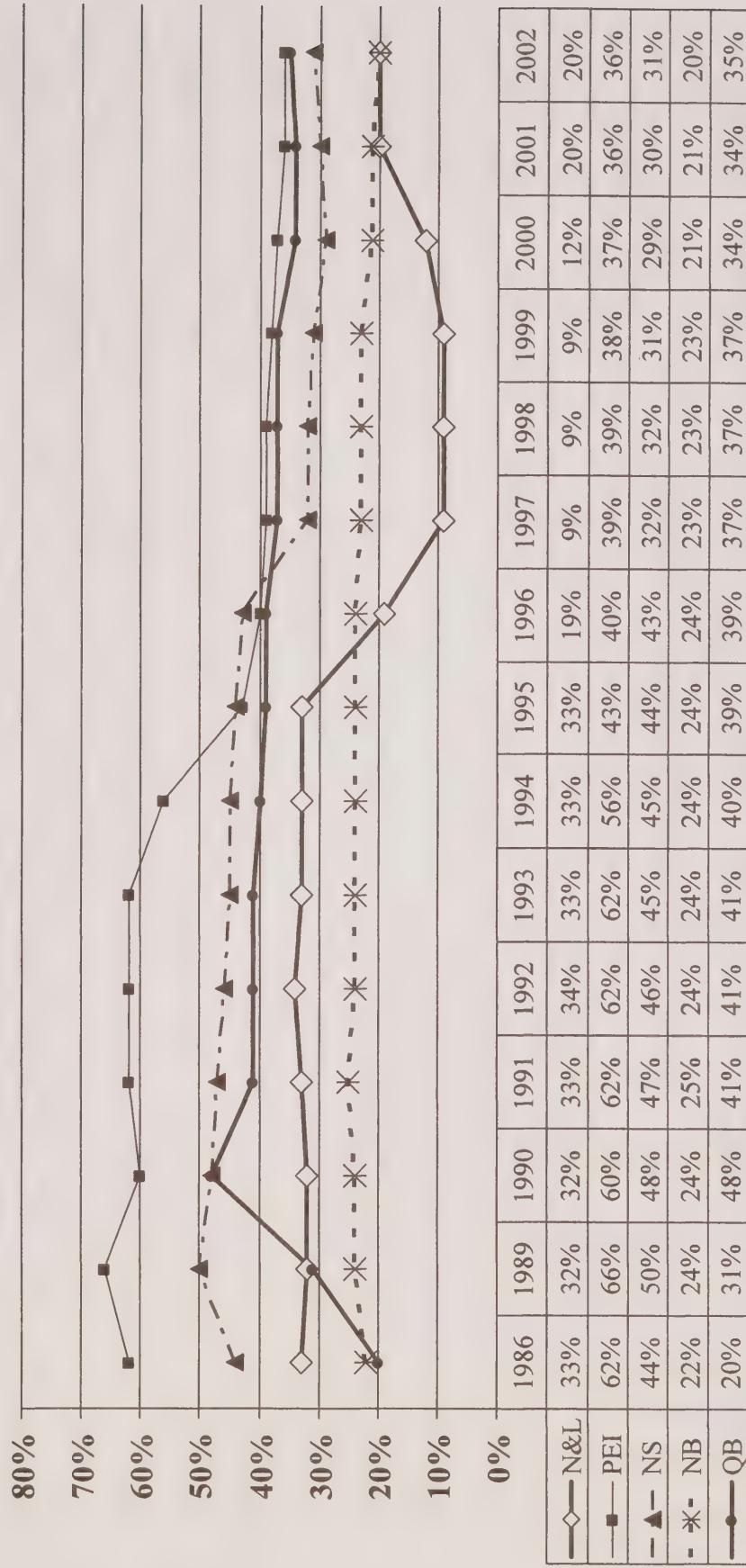
poverty line in 1989, then dropped significantly in 1995 to 48 percent of the poverty line, and has declined since to only 42 percent of the poverty line.

Figure 5.4 shows the adequacy of welfare for single disabled people in the five western provinces. The value of the welfare for a single disabled person in Ontario rose in value from 68 percent in 1989 to 76 percent from 1992 to 1994. Although disabled people were spared the drastic cuts Ontario imposed on all other people on welfare in 1994, their incomes deteriorated slowly, reaching 61 percent of the poverty line by 2002. Manitoba's welfare for a single disabled person was worth 43 percent of the poverty line in 1989, and then rose slowly to reach 59 percent of the poverty line by 1992. It has since deteriorated and is now worth 43 percent of the poverty line. Saskatchewan's income was worth 67 percent of the poverty line in 1989, but has deteriorated steadily throughout this period to 53 percent of the poverty line in 2002.

Alberta gave assistance worth 44 percent of the poverty line in 1989, which rose to 60 percent of the line in 1991, and has deteriorated since then to 39 percent. It should be noted that most people with severe and permanent disabilities in Alberta qualified for the Assured Income for the Severely Handicapped program which provided a higher rate.

In British Columbia, a single disabled person had an income worth 56 percent of the poverty line in 1989, which rose to 61 percent of the poverty line in 1994 and 1995, and has since declined to 51 percent of the poverty line.

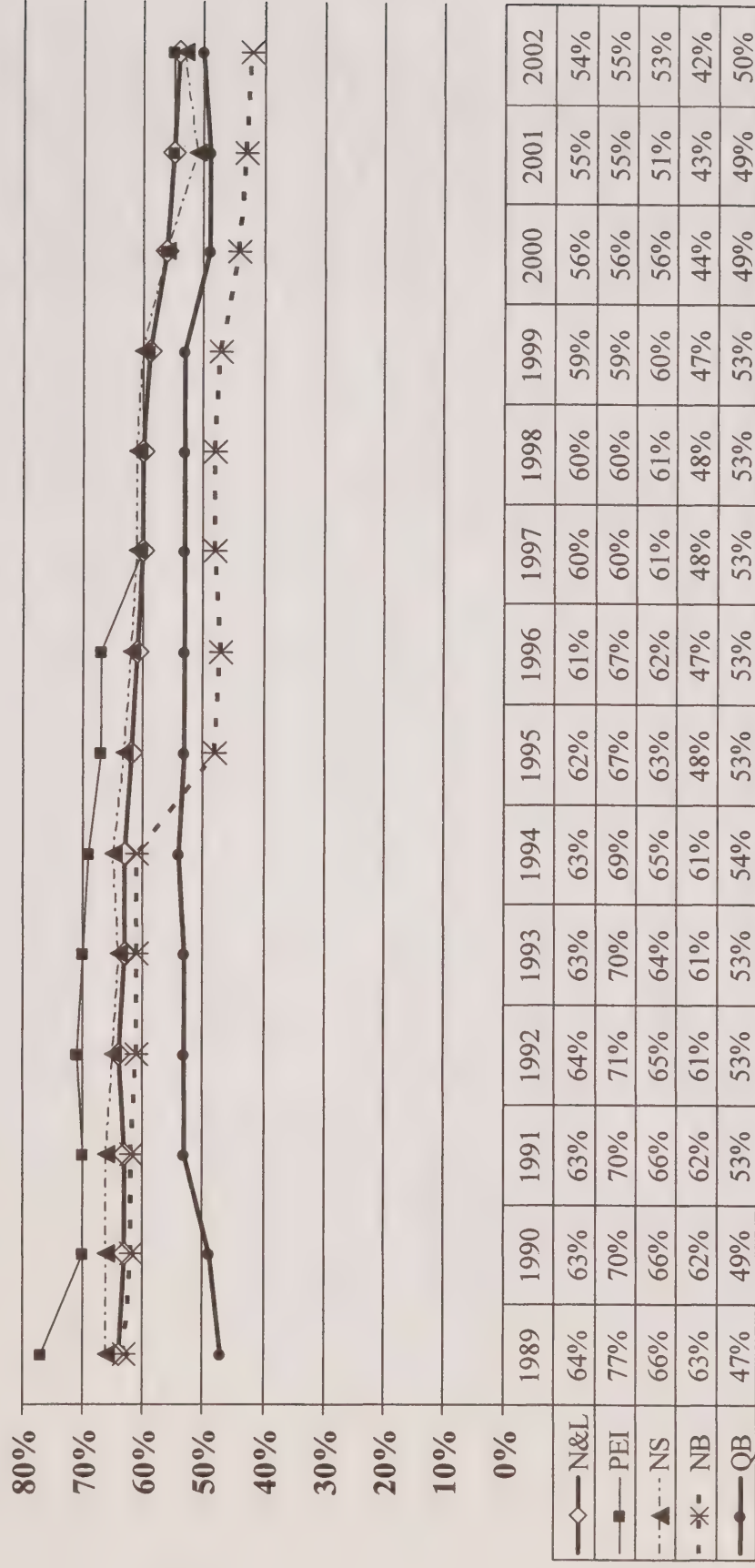
**Figure 5.1: Welfare Incomes over Time as % of Poverty Line,
Single Employable People**



**Figure 5.2: Welfare Incomes over Time as % of Poverty Line,
Single Employable People**



**Figure 5.3: Welfare Incomes over Time as % of Poverty Line,
Person with a Disability**



**Figure 5.4: Welfare Incomes over Time as % of Poverty Line,
Person with a Disability**



VI. EARNINGS EXEMPTIONS

The figures in the tables in this report do not take into account the fact that welfare incomes may be higher if recipients have additional earnings. Each province and territory allows welfare recipients to retain a certain amount of earned income (a flat-rate sum, a percentage of earnings or a combination of both) without any reduction in their welfare cheques. The National Council of Welfare did not include these extra amounts in the tables in this report because it is not certain that recipients could actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Table 6.1 shows the allowable earnings exemptions for January 2002 in each province and territory. The exemptions vary by family size and sometimes by employability. All provinces and territories recognize work-related expenses, including childcare expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs when declaring their earnings for welfare purposes. In effect, that means that the actual earnings exemptions in some provinces and territories may be more generous than they appear at first glance. Earnings exemptions also provide a greater incentive for people to take paying jobs.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. These exemptions encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

No one would disagree that sensible earnings exemption policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy. Cutting benefits or earnings exemptions is not.

In 2002, several provinces reduced or eliminated the monthly earnings exemptions for families on welfare as well as for single employable people. British Columbia eliminated all monthly earnings exemptions for employable single people and for families effective April 1, 2002. These changes will be reflected in next year's *Welfare Incomes*. Nova Scotia eliminated the flat-rate earnings exemptions and replaced it with a percentage of earnings only for everyone except the disabled single person. Saskatchewan introduced a ceiling of \$375 for singles and \$625 for families to the exemption of 20 percent of earnings.

Northwest Territories and Nunavut increased the flat-rate monthly earnings exemption by \$50 for singles and \$100 for families. Yukon increased the flat-rate monthly earnings exemption by \$50 for all family types. Manitoba introduced a 30 percent monthly earnings exemption for the single unemployable person. New Brunswick introduced a variable percentage of monthly earnings exemption that is higher for the first six months and then drops for another six months ending with a flat rate exemption only.

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2002

	Unemployable	Employable
NEWFOUNDLAND AND LABRADOR ¹	Disabled adult: up to \$95 Family with disabled member(s): up to \$190	Unemployed adult: up to \$75 Family of two or more (no disabled members): up to \$150
PRINCE EDWARD ISLAND ²	\$50 for a single adult or \$100 for a family plus 10% of the balance of net wages for both households	
NOVA SCOTIA ³	Single adult or family: 30% of net earnings or vocational training allowances Single disabled adult in an approved education program: \$150 + 30% of monthly training allowances	Single adult or family: 30% of net wages
NEW BRUNSWICK	Single adult: \$150 to \$200 ⁴ Family: \$200 to \$250 ⁴	
	<p>Welfare recipients are eligible for the Extended Wage Exemption when their earnings are high enough that the application of the extended wage exemption is to their benefit, and where the employment seems likely to lead to self-sufficiency (that is, is not temporary or seasonal). The Extended Wage Exemption lasts for 12 months only. Recipients' exemptions then revert to the established exemption minimum.</p> <p>Single person and couple without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of \$150 or \$200 a month.</p> <p>Family with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of \$200 a month.</p>	

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2002

	Unemployable	Employable
QUEBEC	Adult with severe limitation to work: \$100 Adult with temporary limitation to work: \$200	Single adult: \$200 Single parent: \$200 Two-parent family: \$300
ONTARIO	Disabled single adult: \$160 + 25% of remainder of earnings + disability related expenses for a maximum of \$140 Disabled adult with family: \$235 + 25% of remainder of earnings + disability related expenses for a maximum of \$140 + child care ⁵	Single adult: first \$143 + variable exemption ⁶ Single parent, one child: first \$275 + variable exemption + child care ⁷ Couple, two children: first \$346 + variable exemption + child care
MANITOBA ⁸	Single adult and for a spouse: \$100 month + 30% of net monthly earnings over \$100 Single disabled parent: \$115 month + 30% of net earnings over \$115	Single adult, childless couple and two-parent family with children: \$100 for each earner + 25% of net earnings over \$100 Single parent: \$115 + 25% of net earnings over \$115
SASKATCHEWAN ⁹	Single disabled adult: first \$100 of earned income + 20% of next \$375 (maximum exemption \$175) Two-adult family, no children: first \$125 of earned income + 20% of next \$625 (maximum exemption \$250) Family with children in which the adult is disabled: \$200. Earnings over \$200 are eligible for the Saskatchewan Employment Supplement. ¹⁰	Single person: first \$25 of earned income + 20% of next \$375 (maximum exemption \$100) Two-adult family, no children: first \$50 of earned income + 20% of next \$625 (maximum exemption of \$175) Family with children: \$125. Earnings over \$125 are eligible for the Saskatchewan Employment Supplement.

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2002

	Unemployable	Employable
ALBERTA	Each adult worker in family: \$115 plus 25% of net income earned by all adults. First \$350 of earnings of each child in the family plus 25% of income over \$350 earned by the children. ¹¹	Single adult: \$100 + 25% of any income earned after recipient has been on welfare for three months. ¹³ Couple and families: \$200 + 25% of any income earned after recipient has been on welfare for three months. ¹⁴ The exemption is available for only twelve months during a 36-month period. The twelve months need not be consecutive.
BRITISH COLUMBIA	Disability Benefits Level 1 (temporarily unemployable): eligible for the regular earnings exemption. Disability Benefits Level 2 (permanently unemployable): \$200 + 25% of remaining amount. There is no time limit. ¹²	
YUKON	For first three months on welfare, \$50 for a single adult, \$100 for a family. In fourth month, an additional exemption of 25% of net income. No exemption on net income from full-time employment (more than 20 hours a week). Earnings exemption on part-time employment is the greater of 50% of net earnings (not exceeding 25% of the total of items of basic requirements necessary to maintain an applicant and dependants) or \$5 a month for a single person, \$10 a month for a couple and \$15 a month for a family of three or more. People considered to be permanently excluded: \$25 for a single adult; \$50 for a married couple from sale of handicrafts or hobby materials.	
NORTHWEST TERRITORIES ¹⁵	\$200 (no dependants) \$400 (dependants)	
NUNAVUT ¹⁶	\$150 (no dependants) \$300 (dependants)	

Newfoundland and Labrador

¹ In October 1998, Newfoundland and Labrador increased the deduction from earnings for private child care or the parental contribution costs for licensed day care from \$200 per month to a maximum of \$325 per month for one child and an additional \$125 for each additional child if necessary for employment. Disabled adults or disabled members of a family must be people who require supportive services to qualify for the higher earnings exemption. In addition, the disabled member in a family can also include a disabled child if the child requires supportive services.

Prince Edward Island

² The earnings exemptions for welfare recipients also apply to applicants for welfare. A maximum of \$25 a week may be deducted from net income where applicants or beneficiaries must travel to and from work.

Nova Scotia

³ There is a total exemption of earned income for the first month of full-time employment for unemployable recipients. Training allowances for full-time participants are also exempt during the first month. The Director may include as a budgetary requirement up to \$200 a month for child care, transportation and special clothing if needed for participation in an approved employment, education or rehabilitation program. In 2001, flat rate deductibles were eliminated for all categories and the percentage of net earnings exemption was increased from 25 percent to 30 percent.

New Brunswick

⁴ Families and individuals who are able to achieve self-reliance in a short period of time are eligible for higher wage exemption levels.

Ontario

⁵ Actual amount paid for licensed child care expenses, otherwise, a maximum of \$390 for children five years of age and under, \$346 for children between six and 12 years of age, or \$390 for children six or older who have special needs.

⁶ Ontario deducts a monthly flat rate amount from net earnings. This amount varies according to family size. After the basic exemption is deducted, Ontario allows welfare recipients to keep an additional percentage of net earnings. The variable exemption decreases proportionately with the cumulative number of months the household has declared earnings. For the first 12 months, the variable exemption is 25 percent; for 13 to 24 months, it is 15 percent, and after 24 months there is no further exemption.

⁷ Actual amount paid for licensed child care expenses, otherwise, a maximum of \$390 for each child under 13.

Manitoba

⁸ Participants are eligible for the additional percentage noted in each case after the first month on welfare. When a recipient's gross monthly income from all sources (less child care expenses) represents 135 percent or more of the household's cost of basic necessities, the recipient is no longer eligible for welfare.

Saskatchewan

⁹ The earnings exemptions apply to fully employable individuals only after they have been on welfare for at least the preceding three consecutive months. Recipients in the "disabled" or "not fully employable" categories are entitled to the earnings exemption from the time they receive income from employment.

¹⁰ The Saskatchewan Employment Supplement is a monthly payment for parents on welfare who work for pay or receive child or spousal support. The supplement is paid at a rate of 25 to 45 percent of income depending on the size of the family to a maximum of \$333 extra a month for a family with five or more children. In May 2001, a supplementary benefit for children under age 13 was introduced. This supplement ranges from an additional \$46.25 per month for one child under 12 to \$83.25 per month for five or more children under 13.

Alberta

¹¹ Persons who qualify for the Assured Income for the Severely Handicapped program have higher earnings exemptions. Single persons get an exemption of \$200 a month plus 25 percent of additional earnings, and families have an exemption of \$775 monthly.

British Columbia

¹² On April 1, 2002, BC increased the earnings exemption for recipients under Disability Benefits Level 2 (permanently unemployable) from \$200 to \$300 per month.

¹³ On April 1, 2002, BC eliminated all earnings exemptions for these categories of recipients.

¹⁴ On April 1, 2002, BC eliminated all earnings exemptions for these categories of recipients.

Northwest Territories

¹⁵ On September 1, 2001 Northwest Territories increased the earnings exemptions to \$200 and \$400 for singles and families respectively.

Nunavut

¹⁶ On July 1, 2002, Nunavut increased the earnings exemption to \$200 and \$400 for singles and families respectively.

CONCLUSION

In 1989, all parties in the House of Commons passed a resolution to end child poverty by 2000. The deadline came and went with no improvement in the situation of poor children and their parents. Evidence about the importance of eradicating child poverty mounted, but the problem became more severe.

The federal government introduced the National Child Benefit in 1998 as its major contribution to fighting child poverty. The program is massive. By the fiscal year 2004-2005, federal government's investment in the National Child Benefit will be over \$10 billion. The National Child Benefit gave all modest-income families a basic benefit to support their children. The program also had a supplement that went to the lowest income families.

This program had great potential to help reduce child poverty. Evaluations of the National Child Benefit show that it seems to have helped those families with modest incomes in which the parents have been lucky enough to find and keep work on a relatively steady basis.

Unfortunately, the deal the federal government made with the provinces and territories made a distinction between those children who are poor because their parents have regular paid jobs with low wages, and those children who are poor because their parents rely on welfare. The federal government's deal allowed the provinces and territories to take the money from the supplement out of the pockets of those parents forced to depend on welfare. The money had to be reinvested on programs for children, but the criteria for these programs are loose. Programs that are funded with the money from the clawback do not necessarily reach families on welfare.

As this report shows, parents on welfare received their child benefits from the federal government, then the province or territory took the money. The process is a little different in each jurisdiction, but in the end, it amounts to the same thing: provincial and territorial welfare officials siphoned off amounts equal to the supplement from welfare benefits. Only Newfoundland and New Brunswick refused to exercise this option from the beginning. Since then, Nova Scotia, Quebec and Manitoba reduced the amounts they claw back. In these three provinces, families on welfare still lose some of the money.

For those children unlucky enough to have parents who get their income from welfare, the results are not good. Between inflation and the clawback of the supplement to federal benefits, most welfare incomes for families lost value in the period since the National Child Benefit was introduced. In the five provinces that did not claw back – or only partially clawed back – the supplement, families on welfare were generally a little better off. In any case, welfare incomes for families remained shockingly low, in most cases below two-thirds of the poverty line. From the evidence about the impact of poverty on early child development, these are levels of destitution that are low enough to harm a child's future.

The National Council of Welfare considers the clawback of federal child benefits to be bad social policy. We agree that welfare programs should provide strong incentives to work, but we do not believe that taking any money from the poorest of the poor makes sense. As this report

shows, welfare incomes are disgracefully low. There is simply no fat to cut in the budgets of people who are forced to rely on welfare.

The Council believes that a far more constructive approach to getting people off welfare would be to provide real incentives to work. The most obvious incentive for parents on welfare is the provision of high-quality affordable child care. It is overwhelmingly clear to the Council that the provision of child care is the very first step in making it possible for a parent on welfare to complete an education or training program, and then find and keep a job. It continues to astonish the Council that any social planner or politician could think otherwise.

A 2003 report on child care in Canada points out that there were regulated child care spaces for only 12.1 percent of Canadian children. In the view of the National Council of Welfare, the sooner Canada establishes a national child care system with affordable, high-quality, regulated child care, the better. Only when that system is in place will there be a realistic and reasonable incentive to work for parents on welfare.

The Council took some hope from the February 2003 federal budget. Funding for Medicare is an important part of supporting the infrastructure of Canadian social policy. The Council supports the federal budget's investment in Medicare. The Council was disappointed that the support for the medical system did not provide better support for public health. Poverty and early child development are major determinants of health. As long as we allow poverty to persist, sustaining an effective medical system will remain an elusive goal.

The Council has heard rumours that with the federal increases to the National Child Benefit that were announced in this budget, more provinces and territories will cease to claw back federal child benefits from parents on welfare. The Council recommends that the provinces and territories cease the practice of clawing back federal child benefits immediately. This would go a long way toward reducing child and family poverty in Canada and would promote better health outcomes for all.

The Council was also pleased that a national child care system finally made it to the federal budget. Study after study has made it abundantly evident that this program is essential to achieving better child health, lower child and family poverty, improved equality between women and men, and an increase in population health. This year the Standing Committee on Finance joined the voices calling for this essential program.

The Council was, however, disappointed that the federal government allotted only \$25 million in the first year of the new program, and \$75 million in the next year. The Council recommends in the strongest possible terms that the federal government proceed with its negotiations with the provinces and territories, and that it ensures that the architecture for a good national system is established. The Council recommends that the federal government also ensure that far higher levels of funding are allocated to the child care program as soon as negotiations are complete.

APPENDIX A: ESTIMATED NUMBER OF PEOPLE ON WELFARE BY PROVINCE AND TERRITORY									
	March 31, 1995	March 31, 1996	March 31, 1997	March 31, 1998	March 31, 1999	March 31, 2000	March 31, 2001	March 31, 2002	% Change 2001-2002
NEWFOUNDLAND AND LABRADOR	71,300	72,000	71,900	64,600	59,900	59,400	54,400	52,100	-4.2%
PRINCE EDWARD ISLAND	12,400	11,700	11,100	10,900	9,800	8,400	7,900	7,500	-5.1%
NOVA SCOTIA	104,000	103,100	93,700	85,500	80,900	73,700	66,800	61,500	-7.9%
NEW BRUNSWICK	67,400	67,100	70,600	67,100	61,800	56,300	52,900	50,700	-4.2%
QUEBEC	802,200	813,200	793,300	725,700	661,300	618,900	576,600	560,800	-2.7%
ONTARIO	1,344,600	1,214,600	1,149,600	1,091,300	910,100	802,000	709,200	687,600	-3.0%
MANITOBA	85,200	85,800	79,100	72,700	68,700	63,300	60,500	60,100	-0.7%
SASKATCHEWAN	82,200	80,600	79,700	72,500	66,500	63,800	60,900	56,100	-7.9%
ALBERTA	113,200	105,600	89,800	77,000	71,900	64,800	58,000	53,800	-7.2%
BRITISH COLUMBIA	374,300	369,900	321,300	297,400	275,200	262,400	252,900	241,200	-4.6%
YUKON	2,100	1,700	2,000	2,100	1,700	1,400	1,300	1,000	-23.1%
NORTHWEST TERRITORIES	12,000	11,800	12,800	10,700	11,300	3,400	2,200	2,100	-4.5%
NUNAVUT						7,300	7,300	8,100	11.0%
CANADA	3,070,900	2,937,100	2,774,900	2,577,500	2,279,100	2,085,100	1,910,900	1,842,600	-3.6%

Source: Social Program Information and Analysis Division, Social Policy Directorate, Human Resources Development Canada

APPENDIX B: POVERTY LINE, 2002 ESTIMATE
NATIONAL COUNCIL OF WELFARE ESTIMATES OF STATISTICS CANADA'S
BEFORE-TAX LOW INCOME CUT-OFFS (1992 BASE) FOR 2002*

Family Size	Community Size				
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	Rural Areas
1	19,256	16,516	16,401	15,261	13,307
2	24,069	20,644	20,501	19,077	16,633
3	29,934	25,676	25,497	23,725	20,687
4	36,235	31,080	30,864	28,719	25,041
5	40,505	34,743	34,501	32,103	27,993
6	44,775	38,406	38,138	35,486	30,944
7 +	49,043	42,069	41,774	38,870	33,896

Based on inflation of 2.2% from 2001 to 2002.

APPENDIX C: MAXIMUM NATIONAL CHILD BENEFIT PAYMENTS 1998-2002

	July 1998	July 1999	July 2000	July 2001	July 2002
Canada Child Tax Benefit	\$1,020	\$1,020	\$1,104	\$1,117	\$1,151
Canada Child Tax Benefit Threshold	\$25,921	\$25,921	\$30,004	\$32,000	\$32,960
Additional Payment for a Child Under 7	\$213	\$213	\$219	\$221	\$228
Supplement for the 1st Child in a Family	\$605	\$785	\$977	\$1,255	\$1,293
Supplement for the 2nd Child in a Family	\$405	\$585	\$771	\$1,055	\$1,087
National Child Benefit Supplement Threshold	\$20,921	\$20,921	\$21,214	\$21,744	\$22,397

This table shows the payments by the federal government to families with children since the National Child Benefit was introduced in July 1998. The National Child Benefit consists of two payments: the basic Canada Child Tax Benefit or CCTB and the National Child Benefit Supplement or NCBS. Families with children under seven get an additional payment. Each year, the rates increased on July 1 and were in effect until June 30 of the following year.

The first row called Basic Canada Child Tax Benefit shows the annual basic benefit. The second row called Canada Child Tax Benefit Threshold shows the highest net income a family could have and still be eligible for the full Canada Child Tax Benefit. Once a family's income exceeded this amount, the federal government reduced the basic benefit. The basic federal child tax benefit is totally phased out once the net income of a family with one or two children is higher than \$75,000. The third row shows the annual basic supplement paid for each child under seven.

The federal government paid a basic federal child tax benefit of \$1,151 for the period beginning July 1, 2002 for each child under age 18 if the family income was under \$32,960. The amounts are the same for all provinces and territories except Alberta which asked the federal government to vary these amounts. The federal government also made an additional payment of \$228 for each child under age seven for the period beginning July 2002.

The fourth and fifth rows show the National Child Tax Benefit Supplement as of July 1 each year. For the first child in a family, the supplement was \$1,293 on July 1, 2002 and \$1,087 for the second child.

The final row called National Child Benefit Supplement Threshold shows the highest income a family could have and still get the supplement. The column for July 2002 shows that the federal government provided all families with incomes under \$22,397 with the National Child Benefit Supplement.

**APPENDIX D: MAXIMUM NATIONAL CHILD BENEFIT PAYMENTS FOR FAMILIES
ON WELFARE 1997-2002**

January 1 to December 31	Single Parent with One Child Age 2	Couple with Two Children Ages 10 and 15
1997	\$1,233	\$2,040
1998	\$1,535	\$2,545
1999	\$1,828	\$3,230
2000	\$2,159	\$3,683
2001	\$2,447	\$4,250
2002	\$2,633	\$4,613

This table shows the National Child Benefit payments from 1997 to 2002 for a single parent with a two year old and a couple with a ten and fifteen year old. Each row includes the total payments each family received between January 1 and December 31 each year. These calculations are based on six months of payments at the previous year's rate for January to June and six months of payments at the current year's rate for July to December.

The middle column shows the total annual payment to the single-parent family. The payment includes the Canada Child Tax Benefit and the additional payment for a child under seven combined with the National Child Benefit Supplement. In the last column, the annual amounts include the Canada Child Tax Benefit and the National Child Benefit Supplement payments for a couple with a ten and fifteen year old.

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NATIONAL COUNCIL OF WELFARE

The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

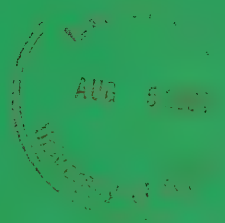
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FOREWORD

Welfare Incomes is a regular report on the welfare rates in each province and territory in Canada. This report estimates welfare incomes for four types of households in 2003: a single employable person, a single person with a disability, a single-parent family with a two-year-old child and a two-parent family with two children aged 10 and 15. The National Council of Welfare has published similar estimates since 1986.

Welfare Incomes has never been a good-news report and *Welfare Incomes 2003* is, unfortunately, no different. The gap between the poverty line and welfare incomes remained large and relatively unchanged in 2003 with people on welfare subsisting on as little as one-fifth of the poverty line. People on welfare continued to realize an even smaller fraction of the average income of other Canadians.

In general, welfare incomes in 2003 continued to deteriorate through cuts, freezes and the eroding effects of inflation. The few exceptions were the single employable and disabled persons in the Northwest Territories who saw an increase in the value of their benefits. Single employable people in Newfoundland and Labrador saw an improvement in their welfare incomes owing to a major change in provincial welfare policy yet their welfare income was still less than half the 2003 poverty line.

This report brings to light the severe cuts in welfare rates in British Columbia. The Council is still horrified by the decision of British Columbia to put time limits on the receipt of welfare. Employable persons without children can have their benefits terminated after they have been on welfare for a total of two years in any five-year period, and families with children can have their benefits reduced after two years in any five-year period. More recent changes in the province's welfare regulations are expected to limit the impact of the policy to a relatively small number of people. Nonetheless, this policy sets a dangerous precedent and is one more reason for having minimum national standards for welfare.

How is it that welfare incomes for families on welfare remained so low – and actually decreased in most cases – in the years following the federal government's introduction of the National Child Benefit, especially when the federal government increased its support regularly?

First, the federal government allowed the provinces to claw back the National Child Benefit Supplement from parents unlucky enough to be forced to depend on welfare. Only Newfoundland and New Brunswick resisted the temptation from the outset. More recently, Nova Scotia, Quebec, Manitoba and Alberta decided to limit their clawback. This is progress, but seven provinces and territories still plan to take the money from the already painfully low welfare payments these families rely on.

Second, with the regular increases from the federal government to the National Child Benefit and a deal that allowed the provinces and territories to claw back part of the money, provinces and territories had absolutely no incentive to put in any of their own money by way of increases in welfare rates. Some provinces and territories actually did make minor increases, but welfare incomes for families still came nowhere near the poverty line.

Some would argue that clawing back part of the National Child Benefit from parents on welfare creates an incentive to work. The National Council of Welfare has no patience for that argument. The Council believes that it makes sense to provide incentives to work, but we do not believe taking money away from people on welfare is an acceptable approach. No one should be forced to live on incomes as low as the incomes we identify in this report. The Council believes welfare incomes must be at levels high enough to maintain people's health and dignity. Without decent incomes, the Council finds it hard to understand how people can be expected to participate in re-training and job searches to change their situations.

Unfortunately, *Welfare Incomes 2003* paints a disturbing picture of poverty in Canada. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date. Rates this low cannot be described as anything other than punitive and cruel.

I. WHAT IS WELFARE?

Social assistance or welfare is the income program of last resort in Canada. It provides money to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

From 1966 to 1996, welfare fell under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the federal government to share the actual cost of welfare and selected social services with provinces and territories. The norm was 50-50 cost-sharing between these two levels of government.

The federal government scrapped CAP in 1996 and replaced it with the Canada Health and Social Transfer (CHST), a system of “block funding” that covered medicare and post-secondary education as well as welfare and social services. Federal payments under block funding are determined by a mathematical formula rather than actual spending by provincial and territorial governments. As of April 1, 2004, the CHST was split into one block fund for health and another block fund for the other three programs.

Funding for welfare was further complicated with the introduction of the National Child Benefit in 1998. The benefit consists of the basic Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCBS). Some provinces and territories consider the NCBS part of the welfare payments for families with children and have reduced their own payments to families on welfare accordingly.

Although people talk about welfare as a single entity, there are really 14 welfare systems in Canada: one system in each province and territory – and yet another system for Aboriginal people who live on-reserve. Despite the fact that each is different, they have many common features. They have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts of other income recipients are allowed to keep, and the way in which applicants and recipients may question decisions regarding their cases.

The federal Department of Indian and Northern Affairs pays the entire cost of welfare and social services for Aboriginal people who live on-reserve, but the terms and conditions for receiving welfare and the amounts paid are determined by the province or territory where the reserve is located. The cost of welfare for Aboriginal people who live off-reserve is paid initially by provinces and territories but is covered in part by money received as block funding from the federal government.

This report deals only with the provincial and territorial welfare systems.

ELIGIBILITY

Eligibility for welfare is based on general administrative rules that vary widely throughout the country. For example, applicants must be of a certain age, usually between 18 and 65. Full-time students of post-secondary educational institutions qualify for assistance in some

provinces and territories only if they meet stringent conditions. In other provinces and territories, students cannot apply for assistance without leaving their studies. Parents must try to secure any court-ordered maintenance support to which they are entitled. People with a disability require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Once applicants meet the administrative conditions, they go through a needs test. The welfare department compares the budgetary needs of an applicant and any dependants with the income and assets of the household. Budgetary needs – covering items such as food, shelter, clothing, household expenses, transportation and personal grooming items – are set by government regulation and may or may not reflect the actual cost of items in the marketplace. Welfare rights organizations and social planning councils across Canada have long complained that the actual costs of living are far higher than the amounts deemed by provinces and territories to be budgetary needs.

First, the needs test examines applicants' fixed and liquid assets. In most provinces and territories, fixed assets such as a principal residence, furniture and clothing are considered exempt. Most provinces and territories also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempt liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets – that is, cash, bonds and securities that are readily convertible to cash – appear in Table 1.1. The amounts vary by household size and employability. Where a household's liquid assets are higher than the amounts in Table 1.1, that household is not entitled to welfare until the excess is spent on approved needs. The amounts shown in Table 1.1 are the liquid asset exemption levels that were in effect in January 2003.

After welfare departments examine the fixed and liquid assets of welfare applicants, they identify all the sources of income for that household. Welfare departments generally consider that income from other sources such as employment, pensions and Employment Insurance is fully available for support of the household. Some types of income, such as the basic Canada Child Tax Benefit, but not the supplement, and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare.

Finally, welfare departments subtract all non-exempt income from the total needs of the household. Applicants qualify for welfare if their household's needs are greater than the household's resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test was the central eligibility criterion under the Canada Assistance Plan. Provinces and territories were required to use a needs test for welfare in order to qualify for federal cost-sharing and they were also required to provide welfare to all their residents who

were able to pass a needs test. The Canada Health and Social Transfer dropped the needs test as a requirement for federal funding. However, no province or territory has replaced its needs test.

British Columbia passed legislation to limit welfare entitlements for certain categories of recipients to no more than two years out of every five years. On April 1, 2004 these time limits began to affect some people on welfare in British Columbia. Predetermined time limits on the receipt of welfare would have been disallowed under the Canada Assistance Plan.

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2003

	Unemployable			Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family
NEWFOUNDLAND AND LABRADOR	\$500	\$1,500	\$3,000 ¹	\$500	\$1,500
PRINCE EDWARD ISLAND	N/A ²	\$1,200	\$900	\$50 to \$200 ³	\$50 to \$2,400 ⁴
NOVA SCOTIA ⁵	\$500	\$1,000	\$500	Province generally requires applicants to exhaust liquid assets to meet basic needs.	
NEW BRUNSWICK	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000
QUEBEC ⁶	\$2,500	\$2,839 ⁷	\$2,500	\$1,500	\$2,934 ⁸
ONTARIO ⁹	\$520 ¹⁰	\$5,500	\$5,000	\$520	Adult, one child: \$1,457 Couple: \$901 Couple, one child: \$1,530 Each additional dependant child: \$500

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2003

	Unemployable			Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family
MANITOBA	N/A ¹¹	\$2,000	\$2,000	\$0 at enrolment \$400 after enrollment ¹²	\$0 at enrolment \$1,600 after enrolment
SASKATCHEWAN	\$1,500	\$3,000	\$1,500	\$1,500	Adult, one child: \$3,000 Couple, two children: \$4,000 Each additional dependant child: \$500
ALBERTA	\$1,500	\$2,500	\$1,500 ¹³	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets
BRITISH COLUMBIA	\$150 plus the value of one month of welfare	\$250 plus the value of one month of welfare	\$3,000 ¹⁴	\$150 plus the value of one month of welfare ¹⁵	\$250 plus the value of one month of welfare ¹⁶
YUKON ¹⁷	\$1,500	\$2,500	\$1,500	\$500	Couple, two children: \$1,600
NORTHWEST TERRITORIES	The director may determine that some assets should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2003

	Unemployable			Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family
NUNAVUT	The director may determine that some assets – such as those used in traditional activities – should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.				

Newfoundland and Labrador

¹ To qualify for a liquid asset exemption of \$3,000 for a single disabled person or \$5,500 for a family with a disabled person, the disabled person must require supportive services to aid independent living.

Prince Edward Island

² Single applicants were not considered unemployable unless they were disabled.

³ The liquid asset exemption for anyone on short term assistance was \$50. Unless a single person applying for assistance was clearly only in need of one or two months' help, the long term exemptions of \$200 were applied at intake.

⁴ Unless persons with dependants applying for assistance were in need of one or two months' help, the long term exemptions of \$1,200 per couple and \$300 for each child up to \$2,400 were applied.

Nova Scotia

⁵ In 2001, liquid asset exemption levels were decreased from \$2,500 to \$1,000 for an unemployable single parent and from \$3,000 to \$500 for an unemployable single person with disability.

Quebec

⁶ Single persons and families had to divest themselves of some liquid assets to qualify for welfare, if their assets were above an amount set according to family size. Quebec reduced payments the first month on welfare if liquid assets exceeded a fixed threshold. Total assets excluded income received during the month of the application and intended for rent, heating and utilities costs.

⁷ The exemption level for the single parent was \$2,500 plus \$339 for one child for a total of \$2,839. If the single parent had severe limitations to working, the level was \$5,000 plus \$339 for the child for a total of \$5,339. Amounts for children increased as of January 1, 2003.

⁸ The exemption level for an employable couple was \$2,500 plus \$434 for two children, which totals \$2,934. The exemption level for an employable couple with only one child was \$2,500 plus \$226 for a total of \$2,726. Amounts for children increased as of January 1, 2003.

Ontario

⁹ The “unemployable” category was the Ontario Disability Support Program; the “employable” category was Ontario Works. The Ontario Disability Support Program allowed assets to increase beyond the prescribed limits provided the funds were intended for the purchase of an approved disability-related item or service or an item or service necessary for the health of a member of the welfare recipient’s family. The asset exemption level for a couple under the Ontario Disability Support Program was \$7,500.

¹⁰ Ontario considered single people employable until they provided medical evidence to establish eligibility for the Ontario Disability Support Program.

Manitoba

¹¹ Single applicants were not considered unemployable unless they were disabled.

¹² Employable single persons and families had to divest themselves of all liquid assets to qualify for welfare. After enrollment, the liquid asset exemptions were \$400 for a single person and \$1,600 for a couple with two children.

Alberta

¹³ This rate refers to people who received welfare under the Supports for Independence program. Alberta granted an exemption of up to \$3,000 for individuals without dependants and \$5,000 plus \$500 per dependant for families if a person was severely and permanently disabled and had high needs because of the costs of personal support services. Most people with severe disabilities received benefits under the Assured Income for the Severely Handicapped (AISH) program. AISH has an asset limit of \$100,000 not including primary residence, personal belongings, a vehicle or a specially-adapted vehicle.

British Columbia

¹⁴ BC allowed people with disabilities on welfare to keep up to \$100,000 in total assets in trust if the assets were used for disability-related costs. If income taken out of the trust was not used for disability-related costs, BC treated it as non-exempt income.

¹⁵ In the first month of welfare, BC subtracted cash assets exceeding \$150 from the welfare payment.

¹⁶ In the first month of welfare, BC subtracted cash assets exceeding \$250 from the welfare payment.

Yukon

¹⁷ The exemption level for employables applies to people on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

RATES OF ASSISTANCE

Every province and territory uses a different method of calculating basic welfare which generally includes food, clothing, shelter, utilities, and an allowance for personal and household needs.

Applicants and recipients may be eligible for extra assistance in most provinces and territories if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Welfare departments provide cash or in kind support in the form of vouchers, goods or services.

Sometimes applicants require assistance only for a special-needs item such as medication but they are able to provide for other basic needs from their own resources. In such cases, a province or territory may grant the specific amount that the household requires, provided that the applicants are eligible under the needs test.

Every province and territory has a list of special needs for which it will provide extra assistance. In some cases, only a portion of the cost of a particular item is paid. For example, the province or territory may reimburse a certain percentage of dental costs and the recipient is expected to pay the remaining amount.

Across Canada, welfare officials have some degree of discretion in deciding whether certain households qualify for special assistance under provincial or territorial welfare regulations. Discretion is both a strength and weakness of the welfare system. On one hand, welfare recognizes the fact that individuals may have ongoing or one-time special needs for which they require assistance. On the other hand, a person with special needs may be considered eligible for extra assistance by one welfare worker, but not by another.

Table 1.2 presents a national picture of estimated welfare incomes for 2003. The incomes shown are for the basic needs of four household types: a single employable person, a single person with a disability, a single-parent family with a two-year-old child, and a two-parent family with two children aged 10 and 15. When we calculated the welfare incomes, we assumed that each of the households went on welfare on January 1, 2003, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are *estimates*. Welfare is a highly individualized program of income support, so every applicant could be eligible for a different amount of financial assistance because of the circumstances in his or her household. In addition, our calculations only consider cash income, since it is impossible for us to take into account the value of the services provided by a province or territory.

It is especially important to understand the meaning of the social assistance figures in the first column. These figures are both maximum and minimum amounts. They are *maximum* amounts in that they represent the highest level of welfare that a designated province or territory will provide to a given household unit for its basic living needs. These rates can be reduced for a number of reasons. For example, legislation in all jurisdictions allows welfare

authorities to reduce, cancel or suspend benefits if an employable recipient refuses a reasonable job offer, or quits a job without just cause. These figures are also *minimum* amounts in that they do not generally include special-needs assistance to which a given household may be entitled, such as costs related to a disability or the cost of searching for a job.

BASIC SOCIAL ASSISTANCE

The column called Basic Social Assistance in Table 1.2 shows the basic welfare that eligible households are entitled to have. Some of the welfare assistance earmarked for any children in a family appears in this column, but some is included in the amounts in columns 3 and 4, federal, provincial and territorial child benefits. The figures in the basic social assistance column also reflect the reduction in assistance caused by the clawback of the National Child Benefit Supplement (NCBS) that began in July 1998 in the jurisdictions that clawed back.

To ensure to the greatest extent possible the comparability of the data, we made a number of assumptions in calculating basic assistance. These assumptions concerning recipient households include where people lived, the ages of the children, the employability of the household head, the type of housing, case history and special assistance.

A. RESIDENCE

The welfare rates shown for each province or territory are for the largest municipal area. This is because shelter allowances vary by region in some jurisdictions and are the same everywhere in other jurisdictions. Some provinces and territories offer supplements to compensate welfare households living in remote areas for higher living costs.

B. AGES OF CHILDREN

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is two years old and the children in the two-parent family are 10 and 15 years old. Some provinces and territories vary a family's entitlement with the age of each child in the household.

C. EMPLOYABILITY OF THE HOUSEHOLD HEAD

In Table 1.2, we assigned short-term rates of assistance – which are generally lower than long-term rates – to single employable individuals and couples with children in all jurisdictions. The rates for single parents are based on the employability classifications in each province and territory.

In all jurisdictions, we have based our calculations on the assumption that the person with a disability received welfare, not payments for special, long-term disability programs.

In most jurisdictions, a single parent with a two-year-old child would be considered unemployable or temporarily unavailable for work, but there are some notable exceptions. Alberta considers a single parent with a child six months old capable of pursuing an employment plan. Nova Scotia and Prince Edward Island consider a single parent available for work when the youngest child reaches the age of one. Saskatchewan has no fixed minimum age for pushing single parents towards work, but says parenting responsibilities are a factor in determining employability.

D. TYPE OF HOUSING

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that they did not share their accommodation. Most provinces and the three territories reduce welfare entitlements when recipient households live in subsidized housing or share their housing.

Where shelter allowances do not include the cost of utilities, we added the cost of utilities to the shelter rates. We used maximum shelter rates in all jurisdictions. We excluded additional shelter amounts that were discretionary.

E. CASE HISTORY

In order to calculate the rates for the full year for this report, we assumed that these four typical households started receiving welfare on January 1, 2003, and remained on assistance until the last day of the calendar year.

We calculated basic social assistance month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates within each year. We also assumed that welfare households did not have any income from paid work during the time they were on assistance.

F. SPECIAL ASSISTANCE

Welfare departments provide two kinds of assistance for special needs. Some supplementary allowances are paid automatically to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts that appear in the second column in Table 1.2. Examples of this type of special assistance include extra assistance for people with disabilities, money for school expenses, winter clothing allowances and Christmas allowances.

Welfare departments also provide a second kind of assistance for one-time special needs, including items such as funeral expenses, moving costs or emergency home repairs. We have not included this type of special assistance in this report because the special needs are established on a case-by-case basis by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

We have incorporated special assistance in the second column of Table 1.2 only when welfare departments would automatically provide it to certain recipients. If the welfare recipient has to provide special reasons to qualify for this assistance, our figures exclude it.

NATIONAL CHILD BENEFIT

The third column of table 1.2 shows the money paid by the federal government under the National Child Benefit, which includes both the basic Canada Child Tax Benefit and the National Child Benefit Supplement.

The single parent with a two-year-old in all jurisdictions except Alberta received \$2,768 during the calendar year 2003 and the couple with two older children received \$4,869. Alberta asked the federal government to vary the payments according to the age of the children. The two welfare families in Alberta received \$2,671 and \$4,952 in 2003.

The federal government pays child benefits every month to all low-income families and many middle-income families with children under 18. The amounts increase every July 1. Details on the way benefits are calculated are contained in Appendix C and Appendix D at the end of this report.

PROVINCIAL AND TERRITORIAL CHILD BENEFITS

Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec, Saskatchewan, Alberta, British Columbia and all three territories provide benefits for children in addition to those provided by the federal government. Except for Quebec which administers its own benefits, all of the benefits are administered by the federal government on behalf of the provinces and territories and are paid monthly along with the National Child Benefit.

Because we assumed that welfare households did not have any income from paid work during the time they were on assistance, we did not consider any provincial or territorial program providing financial aid to a low-income earner such as the Ontario Child Care Supplement for Working Families or the Alberta Family Employment Tax Credit.

The Newfoundland and Labrador Child and Family Benefit was fully integrated with the federal child tax benefit which means it was delivered directly to families by the Canada Customs and Revenue Agency. For the first six months of 2003, it was \$17 per month for one child and \$43 per month for two children, then it was increased to \$18 and \$44 per month respectively.

The Nova Scotia Child Benefit was fully integrated with the Canada Child Tax Benefit. It was \$445 per year for one child and \$645 per year for the second child for a total of \$1,090 per year for a family with two children.

The New Brunswick Child Tax Benefit was \$20.83 per month per child.

In Quebec, the provincial Family Allowance provided \$52.08 per month for each child and an extra \$108 per month for a single-parent family.

The Saskatchewan Child Tax Benefit was \$17.67 for the first six months of 2003 and was reduced to \$3.50 for the last six months for the first child in a family. The second child in a family received \$35.17 and \$21.25 per month for the same time period.

In British Columbia, the BC Family Bonus for one child was \$8.67 for the first six months and \$1.58 for the last six months of 2003, after reducing for the National Child Benefit supplement. The second child in a family received \$24.67 and \$17.75 per month for the same time period. The couple received a Family Bonus Top-up Supplement of \$1.17 per month between January and June 2003 and \$1.25 between July and December 2003. This Top-up Supplement is designed to provide all children on welfare with the same amount per child of \$116.42.

The Yukon Child Benefit provided a maximum of \$300 per year for each child. The NWT Child Benefit was \$330 per year per child and the Nunavut Child Benefit was \$330 per year per child.

THE CLAWBACK OF THE NATIONAL CHILD BENEFIT SUPPLEMENT

Under the new system of federal child benefits that went into effect on July 1, 1998, the federal government pays a National Child Benefit to all low-income families and many middle-income families with children under 18. For low-income families, the entitlement is the sum of two individual calculations: a basic Canada Child Tax Benefit (CCTB) and a National Child Benefit Supplement (NCBS).

The original deal between the two levels of government was that families on welfare would have the National Child Benefit Supplement “clawed back” by provincial and territorial governments, and the money clawed back would be reinvested in other programs for families with children. Low-income families with children *not* on welfare would get to keep the entire National Child Benefit Supplement.

The clawback mechanisms varied from place to place. One option for provinces and territories was treating the National Child Benefit Supplement as non-exempt income and deducting an equivalent amount from the monthly welfare cheques they paid to families with children. Another option was simply reducing the amount paid by welfare by the amount of the Supplement. A third option was reducing the amount of provincial child benefits or family allowances where these programs existed.

Regardless of the mechanism actually used, the end result was that most families on welfare were no better off despite the substantial sums of new money provided by the federal government.

Newfoundland and Labrador and New Brunswick did not reduce basic social assistance when the supplement was introduced and have allowed families to benefit fully from the basic federal child tax benefit and the supplement. All other provinces and territories reduced their basic social assistance or child and family benefits every year for the first few years after the supplement was introduced.

A few provinces have since allowed at least some families on welfare to retain a portion of the supplement. But even then, these provinces allow families to keep only the money from more recent supplements. The overall welfare incomes for these families were already reduced because of the clawbacks in the past. These families did not benefit from the original value of the supplement.

Prince Edward Island treated the supplement as non-exempt income and subtracted the amount from basic social assistance.

Prior to August 2001, Nova Scotia treated the supplement as non-exempt income and subtracted it from basic social assistance. In August 2001, the province eliminated personal allowances for all children under 18 while deciding to allow welfare recipients to keep the full provincial and federal child tax benefits. The total amount of the provincial child tax benefit and the federal child tax benefit and supplement was not as large as the personal allowances were. As a result, both the single parent and the couple with two children on welfare lost income while the province touted its cessation of the clawback.

Prior to July 2001, Quebec reduced the family allowance by the full value of the supplement. As of July 2001, Quebec no longer deducted annual increases to the supplement from the family allowance for the single parent with a child age two. As of July 2002, Quebec no longer deducted annual increases to the supplement from the family allowance for the couple with children aged 10 and 15. The family allowance is now held at the July 2000 rate of \$52.08 a month.

Ontario treated the supplement as non-exempt income and reduced basic social assistance by the full amount of the supplement each year.

Prior to July 2000, Manitoba treated the supplement as non-exempt income and subtracted it from basic social assistance for all families with children. From July 2000 to August 2001, a provincial supplement of \$20 a month was added to the welfare payments of families with children under seven to compensate for the clawback of the federal supplement. Effective July 2001, the full amount of the NCBS was restored for children 6 years of age and under. Effective February 2003, Manitoba allowed families with children 11 years of age and under to keep the full amount of the NCBS. In 2003, Manitoba continued to reduce benefits for children aged 12 and over by the July 1999 rate of the National Child Benefit Supplement. As of February 2004, Manitoba allowed families with children aged 12 and over to keep the NCBS, although the 2004 changes will appear only in future editions of this report.

The Saskatchewan Child Tax Benefit was reduced by the full value of the supplement. Each year, as the federal payment increases, the provincial share decreases.

In Alberta, the federal supplement was deducted dollar for dollar from basic social assistance. In August 2003, Alberta stopped reducing welfare payments by the National Child Benefit supplement.

In British Columbia, the BC Family Bonus was reduced by the full value of the supplement. Each year, as the federal payment increases, the provincial share decreases.

In the Yukon, Northwest Territories and Nunavut, the supplement was treated as non-exempt income and deducted dollar for dollar from basic social assistance.

As a result of the clawback, the already complex system of welfare programs has become even more complicated. With all the new rules and variations in welfare across the country, it is now almost impossible for welfare recipients to be sure that they are receiving all the benefits to which they are entitled.

The National Council of Welfare is very concerned by the fact that the clawbacks to the Canada Child Tax Benefit supplement discriminate against families on welfare. Our 2001 report, *Child Poverty Profile 1998*, estimated that only 66 percent of poor families with children benefited from the federal child tax benefit between June 1998 and June 1999. Seventy-nine percent of poor two-parent families received the supplement, but only 57 percent of poor single-parent families were allowed to keep the supplement. As women head most single-parent families, we believe that this constitutes discrimination on the basis of gender.

GST CREDIT

The column for the Federal GST Credit shows the federal refundable credit for the Goods and Services Tax or, in the case of the Atlantic provinces, the federal portion of the Harmonized Sales Tax. The GST credit is paid quarterly if the family income was under \$26,941 based upon 2001 tax year income and \$27,749 based upon 2002 tax year income.

GST payments were received in January and April based upon 2001 tax year information and in July and October based upon 2002 tax year information. The four payments received in 2003 were worth a maximum of two payments at \$53.25 each and two payments at \$54 each per adult or the first child in a single-parent family for a total of \$214.50. For other dependent children, the maximum was two payments at \$28 each and two payments at \$28.50 each for a total of \$113.

Single adults also received an income-tested supplement in 2003 to a maximum of two payments at \$28 each and two payments at \$28.50 each for a total of \$113 if their annual income was higher than \$6,911 in 2001 or \$7,022 in 2002.

PROVINCIAL TAX CREDITS

The tax credits in Column 6 are the provincial government refund of the Harmonized Sales Tax in Newfoundland and Labrador, the Sales and Property Tax Credits in Ontario and the Sales Tax Credit in British Columbia. The value of the Quebec Sales Tax Credit is included in the Quebec basic social assistance rate.

TABLE 1.2: ESTIMATED 2003 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
NEWFOUNDLAND AND LABRADOR ³							
Single Employable	\$7,140				\$215	\$40	\$7,395
Person with a Disability	\$7,140	\$1,500			\$248	\$40	\$8,928
Single Parent, One Child	\$11,436		\$2,768	\$210	\$542	\$100	\$15,056
Couple, Two Children	\$11,916		\$4,869	\$522	\$655	\$200	\$18,162
PRINCE EDWARD ISLAND ⁴							
Single Employable	\$5,940				\$215		\$6,155
Person with a Disability ⁵	\$7,800				\$248		\$8,048
Single Parent, One Child ⁶	\$10,020		\$2,768		\$542		\$13,330
Couple, Two Children ⁷	\$14,118	\$350	\$4,869		\$655		\$19,991
NOVA SCOTIA							
Single Employable	\$4,980				\$215		\$5,195
Person with a Disability	\$8,580				\$242		\$8,822
Single Parent, One Child	\$8,760		\$2,768	\$445	\$542		\$12,515
Couple, Two Children	\$11,520		\$4,869	\$1,090	\$655		\$18,134

TABLE 1.2: ESTIMATED 2003 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
NEW BRUNSWICK							
Single Employable	\$3,168				\$215		\$3,383
Person with a Disability	\$6,696				\$215		\$6,911
Single Parent, One Child	\$8,772	\$900	\$2,768	\$250	\$542		\$13,232
Couple, Two Children	\$9,828	\$1,000	\$4,869	\$500	\$655		\$16,852
QUEBEC							
Single Employable ⁸	\$6,544				\$215		\$6,758
Person with a Disability ⁹	\$9,460				\$254		\$9,714
Single Parent, One Child ¹⁰	\$8,836		\$2,768	\$1,925	\$542		\$14,071
Couple, Two Children	\$11,091	\$199	\$4,869	\$1,250	\$655		\$18,063
ONTARIO							
Single Employable	\$6,240				\$215	\$383	\$6,838
Person with a Disability	\$11,160				\$298	\$306	\$11,765
Single Parent, One Child ¹¹	\$10,106	\$105	\$2,768		\$542	\$396	\$13,917
Couple, Two Children ¹²	\$12,019	\$407	\$4,869		\$655	\$522	\$18,471

TABLE 1.2: ESTIMATED 2003 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
MANITOBA¹³							
Single Employable	\$5,352				\$215		\$5,567
Person with a Disability	\$7,157	\$960			\$238		\$8,354
Single Parent, One Child ¹⁴	\$9,636		\$2,768		\$542		\$12,946
Couple, Two Children ¹⁵	\$13,383		\$4,869		\$655		\$18,907
SASKATCHEWAN¹⁶							
Single Employable	\$5,940				\$215		\$6,155
Person with a Disability ¹⁷	\$7,487	\$1,100			\$246		\$8,833
Single Parent, One Child ¹⁸	\$8,576		\$2,768	\$547	\$542		\$12,433
Couple, Two Children ¹⁹	\$12,288	\$215	\$4,869	\$466	\$655		\$18,492
ALBERTA²⁰							
Single Employable	\$4,764	\$60			\$215		\$5,039
Person with a Disability	\$6,384	\$1,136			\$223		\$7,743
Single Parent, One Child ²¹	\$8,484	\$200	\$2,671		\$542		\$11,897
Couple, Two Children ²²	\$12,636	\$395	\$4,952		\$655		\$18,638

TABLE 1.2: ESTIMATED 2003 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
BRITISH COLUMBIA²³							
Single Employable ²⁴	\$6,120	\$35			\$215	\$75	\$6,445
Person with a Disability ²⁵	\$9,437	\$35			\$265	\$75	\$9,812
Single Parent, One Child ²⁶	\$10,147	\$80	\$2,768	\$62	\$542	\$75	\$13,673
Couple, Two Children ²⁷	\$11,893	\$190	\$4,869	\$330	\$655	\$150	\$18,087
YUKON							
Single Employable	\$11,990	\$155			\$317		\$12,462
Person with a Disability	\$11,990	\$1,655			\$328		\$13,973
Single Parent, One Child ²⁸	\$15,712	\$548	\$2,768	\$300	\$542		\$19,870
Couple, Two Children ²⁹	\$21,682	\$685	\$4,869	\$323	\$655		\$28,213
NORTHWEST TERRITORIES³⁰							
Single Employable	\$12,515				\$277		\$12,792
Person with a Disability ³¹	\$16,115				\$313		\$16,428
Single Parent, One Child ³²	\$18,007		\$2,768	\$330	\$542		\$21,647
Couple, Two Children ³³	\$23,023		\$4,869	\$660	\$655		\$29,206

TABLE 1.2: ESTIMATED 2003 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial/Territorial Tax Credits	Total Income
NUNAVUT							
Single Employable ³⁴	\$10,148				\$279		\$10,427
Person with a Disability	\$12,288				\$321		\$12,609
Single Parent, One Child ³⁵	\$25,105		\$2,361	\$330	\$542		\$28,338
Couple, Two Children	\$30,138		\$2,958	\$660	\$578		\$34,334

¹ Refers to the National Child Benefit which includes the basic Canada Child Tax Benefit and the National Child Benefit Supplement that were received between January 1 and December 31, 2003.

² The federal GST credit includes the quarterly payments received between January 1 and December 31, 2003.

Newfoundland and Labrador

³ Individuals and families living in larger urban areas got additional assistance of up to \$61 per month (\$732 yearly) if the actual rent exceeded the basic shelter rate.

Prince Edward Island

⁴ PEI increased shelter and local transportation rates effective April 1, 2003.

⁵ PEI eliminated payments for two disability-related supports – personal care allowance and special care allowance – as part of standard welfare. People with disabilities could apply for the new Disability Support Program (DSP). These payments were not automatic and varied from person to person.

⁶ An increase in the healthy child allowance took effect August 1, 2003. PEI continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

⁷ An increase in the healthy child allowance took effect August 1, 2003. PEI continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

Quebec

⁸ Quebec increased payments for applicants “without a limited capacity for employment” on January 1, 2003.

⁹ Quebec increased payments for applicants “with a severely limited capacity for employment” on January 1, 2003.

¹⁰ Quebec increased payments for applicants “with a temporarily limited capacity for employment” on January 1, 2003.

Ontario

¹¹ Ontario continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

¹² Ontario continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

Manitoba

¹³ In 2003, Manitoba announced a monthly rate increase of \$20 per adult for single adults, childless couples and all adults in the disabled and aged categories including spouses. This rate increase will come into effect in 2004 and will be included in future editions of this report.

¹⁴ Manitoba stopped reducing basic social assistance by the amount of the National Child Benefit Supplement for children under seven effective July 1, 2001.

¹⁵ In 2003, Manitoba continued to reduce benefits for children aged 12 and over by the July 1999 rate of the National Child Benefit Supplement. Effective February 2003, Manitoba allowed families with children 11 years of age and under to keep the full amount of the NCBS. Effective February 2004, Manitoba allowed families with children aged 12 and over to keep the full amount of the NCBS; this rate will be included in future editions of this report.

Saskatchewan

- ¹⁶ An increase in utility rates is based upon actual average costs from January to December 2003.
- ¹⁷ The Disabled Person's allowance increased from \$40 to \$50 as of May 1, 2003.
- ¹⁸ The Saskatchewan Child Benefit was decreased by the full amount of the National Child Benefit Supplement. Saskatchewan also paid a Child Differential Allowance of \$35 a month to the first child of a single parent.
- ¹⁹ The Saskatchewan Child Benefit was decreased by the full amount of the National Child Benefit Supplement.

Alberta

- ²⁰ Alberta introduced a \$20 monthly benefit supplement in June 2003 for the two families with children, but not the single employable.
- ²¹ Effective August 2003, Alberta stopped reducing basic social assistance by the full amount of the National Child Benefit Supplement. The federal government provided the same basic federal child tax benefit to eligible families in all provinces and territories. The one exception is Alberta which asked the federal government to adjust the benefit depending upon the age of the child.
- ²² Effective August 2003, Alberta stopped reducing basic social assistance by the full amount of the National Child Benefit Supplement. The federal government provided the same basic federal child tax benefit to eligible families in all provinces and territories. The one exception was Alberta which asked the federal government to adjust the benefit depending upon the age of the child.

British Columbia

- ²³ Effective January 2002, the BC sales tax credit increased from \$50 to \$75 for each tax filer.
- ²⁴ British Columbia eliminated the once in a lifetime benefit in the first month of assistance for the single employable person effective April 1, 2002 which took effect in 2003 for the purpose of our calculation.

²⁵ The single person with a disability in British Columbia for the purposes of this report was a person in the new “Persons with Disabilities” category. British Columbia also had another new category called “Persons with Persistent Multiple Barriers” that had a much lower monthly rate.

²⁶ The Family Bonus was reduced by the full amount of the National Child Benefit Supplement.

²⁷ The Family Bonus was reduced by the full amount of the National Child Benefit Supplement. A decrease in the shelter payment was also effective July 1, 2002.

Yukon

²⁸ The Yukon Child Benefit Program was introduced July 1, 1999 and was \$300 per child per year if a family’s income was less than \$16,700 in the previous tax year. Yukon deducted two percent of income over \$16,700 from the annual benefit for a single parent. Yukon reduced basic social assistance by the full amount of the National Child Benefit Supplement.

²⁹ The Yukon Child Benefit Program was introduced July 1, 1999 and was \$300 per child per year if a family’s income was less than \$16,700 in the previous tax year. Yukon deducted five percent of income over \$16,700 from the annual benefit of two-parent families. Yukon reduced basic social assistance by the full amount of the National Child Benefit Supplement.

Northwest Territories

³⁰ An increase in shelter payments took effect in January 2003. An increase in clothing amounts took effect on March 1, 2003 and an increase in food rates took effect in October 2003.

³¹ An increase in the disabled allowance took effect May 1, 2002. An increase in shelter rates took effect in January 2003, an increase in clothing amounts took effect March 1, 2003, and an increase in food rates took effect October 2003.

³² NWT continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

³³ NWT continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

Nunavut

³⁴ Nunavut paid a lower clothing allowance for the single employable applicant for the first two months of welfare.

³⁵ Nunavut continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement. Due to the higher welfare incomes of Nunavut families, the National Child Benefit Supplement and the GST credit were paid at a lower level than the standard payment to families in other provinces and territories.

II. ADEQUACY OF BENEFITS

The welfare incomes in Table 1.2 for 2003 have not improved from the abysmally low levels reported in previous years. To demonstrate this trend, we compared them with the estimated poverty line for 2003. The results are shown in Table 2.1.

Each year, Statistics Canada calculates the low income cut-offs or LICOs for households of different sizes in communities of different sizes. They approximate levels of gross income where people are forced to spend much of their income on food, shelter and clothing. The poverty lines in this report are estimated and brought up to date using the Consumer Price Index.

The National Council of Welfare regards the low income cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a “market basket” approach, have produced comparable results. The National Council of Welfare’s *Poverty Profile* series discusses the issue of poverty lines in more depth. The Council’s new report *Income for Living?* looked at what the new Market Basket Measure (MBM) and the existing commonly-used poverty line, LICO, tell us about the situation of low-income people in four provinces. *Income for Living?* compared welfare income with income from paid work for the same four household types used in *Welfare Incomes 2003*.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 2.1 are so low that there is little or no difference between taxable and non-taxable income. For example, single employable people in New Brunswick with a total welfare income of \$3,383 (including federal and provincial tax credits) were abysmally poor by any standard. Even if they had income of this amount from earnings, they would have been exempt from income tax because their earnings were so low.

Some provinces and territories also contend that welfare income is intended to provide only the bare necessities of life, while the incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only “discretion” many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 2.1 shows, no province had welfare rates consistently closer to the poverty lines than elsewhere. Rates in most provinces, especially rates for single employables, are far below the lines. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date. Rates this low cannot be described as anything other than punitive and cruel.

Column one of Table 2.1 shows the total welfare incomes of four different types of households in the ten provinces in 2003. The three territories are not included in this table

because they are specifically excluded from the Statistics Canada's survey used to generate the low income cut-offs.

Column two indicates the 2003 poverty line (Statistics Canada's low income cut-offs, 1992 base) for the largest city in each province. The poverty gap, or difference between the total welfare income and the poverty line, is shown in column three. The fourth column represents the total welfare income as a percentage of the poverty line, that is, total welfare income divided by the poverty line.

Welfare incomes for single employable people remained by far the least adequate during 2003. The welfare income for this household type ranged from a low of 20 percent of the poverty line in New Brunswick to a high of 44 percent of the poverty line in Newfoundland and Labrador.

Welfare incomes for single people with disabilities were the lowest in Alberta at 39 percent of the poverty line followed by New Brunswick at 41 percent and Manitoba at 42 percent of the poverty line. The highest rate observed was in Ontario at 59 percent of the poverty line in 2003.

Welfare incomes for single-parent families were the lowest in Alberta at 48 percent of the poverty line followed by Manitoba at 52 percent of the poverty line. The highest rate was in Newfoundland and Labrador where welfare incomes for this household type was at 71 percent of the poverty line in 2003.

Finally, the welfare incomes for two-parent families with two children were the lowest in Quebec at 48 percent of the poverty line followed by British Colombia at 49 percent, Ontario and Alberta at 50 percent, and then Manitoba at 51 percent of the poverty line. The highest rate for this household type was in Prince Edward Island with a rate of 63 percent of the poverty line in 2003.

TABLE 2.1: ADEQUACY OF 2003 BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND AND LABRADOR				
Single Employable	\$7,395	\$16,979	-\$9,585	44%
Person with a Disability	\$8,928	\$16,979	-\$8,051	53%
Single Parent, One Child	\$15,056	\$21,224	-\$6,168	71%
Couple, Two Children	\$18,162	\$31,952	-\$13,791	57%
PRINCE EDWARD ISLAND				
Single Employable	\$6,155	\$16,862	-\$10,708	36%
Person with a Disability	\$8,048	\$16,862	-\$8,814	48%
Single Parent, One Child	\$13,330	\$21,077	-\$7,747	63%
Couple, Two Children	\$19,991	\$31,731	-\$11,740	63%
NOVA SCOTIA				
Single Employable	\$5,195	\$16,979	-\$11,785	31%
Person with a Disability	\$8,822	\$16,979	-\$8,157	52%
Single Parent, One Child	\$12,515	\$21,224	-\$8,709	59%
Couple, Two Children	\$18,134	\$31,952	-\$13,819	57%
NEW BRUNSWICK				
Single Employable	\$3,383	\$16,979	-\$13,597	20%
Person with a Disability	\$6,911	\$16,979	-\$10,069	41%
Single Parent, One Child	\$13,232	\$21,224	-\$7,992	62%
Couple, Two Children	\$16,852	\$31,952	-\$15,101	53%
QUEBEC				
Single Employable	\$6,758	\$19,795	-\$13,037	34%
Person with a Disability	\$9,714	\$19,795	-\$10,081	49%
Single Parent, One Child	\$14,071	\$24,745	-\$10,674	57%
Couple, Two Children	\$18,063	\$37,253	-\$19,190	48%

TABLE 2.1: ADEQUACY OF 2003 BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
ONTARIO				
Single Employable	\$6,838	\$19,795	-\$12,957	35%
Person with a Disability	\$11,765	\$19,795	-\$8,030	59%
Single Parent, One Child	\$13,917	\$24,745	-\$10,828	56%
Couple, Two Children	\$18,471	\$37,253	-\$18,782	50%
MANITOBA				
Single Employable	\$5,567	\$19,795	-\$14,229	28%
Person with a Disability	\$8,354	\$19,795	-\$11,441	42%
Single Parent, One Child	\$12,946	\$24,745	-\$11,799	52%
Couple, Two Children	\$18,907	\$37,253	-\$18,346	51%
SASKATCHEWAN				
Single Employable	\$6,155	\$16,979	-\$10,825	36%
Person with a Disability	\$8,833	\$16,979	-\$8,146	52%
Single Parent, One Child	\$12,433	\$21,224	-\$8,791	59%
Couple, Two Children	\$18,492	\$31,952	-\$13,460	58%
ALBERTA				
Single Employable	\$5,039	\$19,795	-\$14,757	25%
Person with a Disability	\$7,743	\$19,795	-\$12,052	39%
Single Parent, One Child	\$11,897	\$24,745	-\$12,848	48%
Couple, Two Children	\$18,638	\$37,253	-\$18,615	50%
BRITISH COLUMBIA				
Single Employable	\$6,445	\$19,795	-\$13,351	33%
Person with a Disability	\$9,812	\$19,795	-\$9,983	50%
Single Parent, One Child	\$13,673	\$24,745	-\$11,072	55%
Couple, Two Children	\$18,086	\$37,253	-\$19,167	49%

III. WELFARE AND AVERAGE INCOMES

The low level of financial support provided by social assistance is also evident when measured against total average incomes. Welfare provides only a portion of the level of income that most Canadians would consider normal or reasonable.

Table 3.1 compares the welfare incomes of our four typical households with average incomes for the appropriate household type in each province. These averages are based on 2001 data collected by Statistics Canada in the Survey of Labour and Income Dynamics, adjusted by the Consumer Price Index.

For the single employable person and the single person with a disability, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Welfare incomes remain far, far below average. In 2003, the welfare income of a single employable person ranged in value from just 15 percent of the average income of other single people in New Brunswick to a high of 35 percent of the average incomes of single people in Newfoundland and Labrador.

The welfare income of a disabled person ranged from a low of 24 percent of the income of other single Albertans, to 43 percent of the average income of other single Newfoundlanders. The single parent in Alberta received 25 percent of the average income of other single parents in that province, while a single parent on welfare in Newfoundland received 48 percent of the average income of other single parents in the province.

The couple with two children on welfare in Ontario received only 20 percent – one fifth – of the average income of other Ontario families of the same size. The situation for the couples in Alberta and in British Columbia was comparable with only 22 percent of the average income of similar families in those provinces. The best a two-parent family on welfare did was 32 percent – only one third – of the average incomes of other two-parent families in Prince Edward Island.

TABLE 3.1: 2003 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$7,395	\$20,936	35%
Person with a Disability	\$8,928	\$20,936	43%
Single Parent, One Child	\$15,056	\$31,589	48%
Couple, Two Children	\$18,162	\$64,126	28%
PRINCE EDWARD ISLAND			
Single Employable	\$6,155	\$21,926	28%
Person with a Disability	\$8,048	\$21,926	37%
Single Parent, One Child	\$13,330	\$33,182	40%
Couple, Two Children	\$19,991	\$62,216	32%
NOVA SCOTIA			
Single Employable	\$5,195	\$23,635	22%
Person with a Disability	\$8,822	\$23,635	37%
Single Parent, One Child	\$12,515	\$30,828	41%
Couple, Two Children	\$18,134	\$68,899	26%
NEW BRUNSWICK			
Single Employable	\$3,383	\$23,208	15%
Person with a Disability	\$6,911	\$23,208	30%
Single Parent, One Child	\$13,232	\$29,688	45%
Couple, Two Children	\$16,852	\$68,349	25%
QUEBEC			
Single Employable	\$6,758	\$28,027	24%
Person with a Disability	\$9,714	\$28,027	35%
Single Parent, One Child	\$14,071	\$36,476	39%
Couple, Two Children	\$18,063	\$76,410	24%

TABLE 3.1: 2003 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
ONTARIO			
Single Employable	\$6,838	\$34,417	20%
Person with a Disability	\$11,765	\$34,417	34%
Single Parent, One Child	\$13,917	\$42,948	32%
Couple, Two Children	\$18,471	\$93,014	20%
MANITOBA			
Single Employable	\$5,567	\$27,473	20%
Person with a Disability	\$8,354	\$27,473	30%
Single Parent, One Child	\$12,946	\$33,628	38%
Couple, Two Children	\$18,907	\$72,407	26%
SASKATCHEWAN			
Single Employable	\$6,155	\$26,455	23%
Person with a Disability	\$8,833	\$26,455	33%
Single Parent, One Child	\$12,433	\$31,784	39%
Couple, Two Children	\$18,492	\$73,823	25%
ALBERTA			
Single Employable	\$5,039	\$31,798	16%
Person with a Disability	\$7,743	\$31,798	24%
Single Parent, One Child	\$11,897	\$48,272	25%
Couple, Two Children	\$18,638	\$86,384	22%
BRITISH COLUMBIA			
Single Employable	\$6,445	\$32,047	20%
Person with a Disability	\$9,812	\$32,047	31%
Single Parent, One Child	\$13,673	\$34,247	40%
Couple, Two Children	\$18,079	\$83,808	22%

IV. PROVINCIAL AND TERRITORIAL BENEFITS OVER TIME

No other program of income support is as erratic as welfare. Every year, there are gains and losses that vary from one category of recipient to another and one jurisdiction to another. Table 4.1 summarizes the ups and downs of recent years, taking into consideration the impact of inflation. In all but two cases, the value of welfare incomes dropped between 2002 and 2003.

The figures consist of those benefits shown in Table 1.2 that are exclusively within provincial and territorial jurisdiction, in other words, total welfare incomes less the National Child Benefit and the GST credit. Comparable figures for other years were calculated from *Welfare in Canada: The Tangled Safety Net* and previous editions of *Welfare Incomes*.

Using the Consumer Price Index, all the dollar figures in Table 4.1 are expressed in constant 2003 dollars to factor out the effects of inflation and to show the real purchasing power of welfare benefits over time. There was an increase of 2.8 percent in the cost of living between 2002 and 2003. Therefore when the change from 2002 to 2003 appears as - 2.8 percent, it means that the welfare rates were frozen and welfare recipients lost 2.8 percent of their purchasing power to inflation. Due to rounding of the figures, this sometimes appears as - 2.7 percent. The percentages in the three columns of Table 4.1 show increases or decreases in real purchasing power over time.

The tables provide comparisons of provincial and territorial benefits from 1986 to 2003 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include the single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is available from 1989 to 2003. The National Council of Welfare first estimated welfare incomes in Northwest Territories in 1993, so the table shows comparisons only since that time. The data for Nunavut began in 1999 when the territory was created.

Most provincial and territorial benefits went down slightly because benefits were not increased in line with the cost of living. However, there were also other reasons for the losses. One reason for higher-than-average losses among families with children was the increase in the National Child Benefit Supplement or NCBS from the federal government and the corresponding increase in the amount clawed back by some provincial and territorial governments. For example, the single parent with a two-year-old child normally got \$2,633 from the NCBS in 2002 and \$2,768 in 2003, an increase of \$135 by 2003. That led to a reduction of \$135 in provincial and territorial benefits in 2003 in jurisdictions that still did a full clawback of the NCBS.

In Newfoundland and Labrador, all recipients saw their welfare income decrease by the cost of living increase despite a slight increase in the provincial child benefit in July.

In Prince Edward Island, the value of provincial welfare incomes decreased for the single disabled person by 14.8 percent. Despite an increase of shelter and local transportation rates, the increasing cost of living combined with the fact that Prince Edward Island eliminated

payments for two disability-related supports as part of the standard welfare calculations caused a decrease in the overall welfare income for the single disabled person. The value of welfare decreased for the single parent with a two year old by 0.7 percent and for the couple with two children by 5.3 percent, reflecting the increasing cost of living combined with the provincial government's clawback of the supplement to the federal child tax benefit that were not sufficiently compensated by the increase to provincial rates in April 2003. The value of welfare increased by 0.4 percent for the single employable person due to slight increases in provincial welfare.

Nova Scotia and New Brunswick froze welfare rates, so all recipients lost the value of the cost of living.

In Quebec, the slight decrease in the value of the incomes of all family types was less than the cost of living because the province allowed a small increase in welfare benefits. Benefits for the single employable person and the disabled single person decreased by 1.2 percent. Benefits for the single parent and the couple decreased by 1.6 percent.

In Ontario, all four household types experienced a loss in the purchasing power of their welfare benefits. Benefits for the single employable and single disabled person dropped by the cost of living. Provincial benefits for the single parent with one child dropped by 3.8 percent and the couple with two children lost 4.4 percent. The larger drop for the two families with children occurs because of the clawback of the supplement to the federal child tax benefit.

In Manitoba, single employable people, single disabled people and single parents saw their welfare benefits depreciate by the cost of living due to the provincial government's freeze on benefits. The couple with two older children saw a slight increase of 1.3 percent which reflects Manitoba's decision to cease its clawback of the supplement to the federal child tax benefit for children 11 years of age and under as of February 2003.

All four household types in Saskatchewan experienced a loss in the purchasing power of their welfare benefits. The single employable and single disabled recipients saw a slight decrease in the value of welfare benefits by 0.5 and 1.0 percent respectively. The single parent saw a decrease of 4.4 percent and the couple saw their benefits depreciate by 3.7 percent. Saskatchewan slightly increased its utility rates based upon actual average costs for all household types. This almost offset the cost of living for the single employable and single disabled recipients. However, the single parent with a young child and the couple with older children suffered a larger reduction of the provincial child benefit program.

In Alberta, the single employable person saw a decrease in their income due to the increase in the cost of living. The single disabled person saw a slightly smaller decrease than the cost of living because of a benefit supplement introduced in June 2003. Alberta also gave this to the two families with children, but not the single employable. The single parent and the couple saw losses of 1.4 and 3.1 percent due to decreases in provincial welfare payments equal to the value of the federal government's supplement to the child tax benefit for the first six months of 2003.

In British Columbia, the disabled person lost 2.5 percent of their income. This is slightly less than the cost of living increase of 2.8 percent as there was an increase in the provincial tax credit. All other household types lost more than the cost of living reflecting a freeze to the provincial government welfare rates combined with other small cuts. The single employable saw a loss of 3.1 percent due to the elimination of a “once in a lifetime benefit in first month of assistance” effective April 2002. For the single parent, the loss was 4.6 percent and for the couple, 6.2 percent, reflecting the provincial government’s clawback of the supplement to the federal child tax benefit.

In Yukon, the value of welfare benefits decreased for all of the household types. The single employable and the disabled person saw a decrease by the cost of living due to frozen benefit levels. The single parent saw a loss of 3.4 percent, and the couple saw a loss of 3.6 percent due to the clawback of their provincial benefits by the amount of the federal child tax benefit supplement combined with frozen benefits.

In the Northwest Territories, two household types saw an increase in the value of their benefits. For the single employable and disabled persons, the increases were the highest amongst all household types within the 13 jurisdictions at 5.6 percent and 5.4 percent. These increases were mainly due to increases for shelter that took effect in January 2003, for clothing that took effect in March 2003 and for food that took effect in October 2003. The single parent and couple households experienced decreases at 3.0 percent and 2.9 percent as the gains in general welfare payments were offset by the clawback of the supplement to the federal child tax benefit.

In Nunavut, all four household types experienced a slight decrease ranging from 2.8 percent for the single employable and the disabled persons to 3.2 percent for the single parent and 3.1 percent for the couple. Frozen welfare rates and the cost of living caused a drop in value for the single employable and the disabled persons. Nunavut reduced its contribution to the income of the two families on welfare by clawing back the value of the supplement to the federal child tax benefit. The supplement to the federal child benefit was slightly less than the supplement to families in other jurisdictions due to higher family incomes on welfare in the territory. As a result, the territorial clawback was also slightly smaller.

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN

	1986	1989	1990	1991	1992	1993	1994	1995	1996
NEWFOUNDLAND AND LABRADOR									
Single Employable	5,307	5,120	5,092	5,013	5,260	5,196	5,187	5,079	2,890
Person with a Disability		10,313	10,210	9,901	10,118	9,980	9,964	9,756	9,598
Single Parent, One Child	13,305	13,034	13,016	13,160	13,695	13,526	13,503	13,222	13,008
Couple, Two Children	15,391	15,078	15,050	14,566	14,822	14,635	14,611	14,306	14,075
PRINCE EDWARD ISLAND									
Single Employable	9,856	9,538	9,498	9,494	9,627	9,555	8,585	6,615	6,058
Person with a Disability		11,101	10,993	10,835	10,963	10,867	10,733	10,329	9,518
Single Parent, One Child	13,587	13,149	13,258	13,153	13,355	13,273	13,021	12,402	11,830
Couple, Two Children	19,910	19,585	19,592	19,704	19,939	19,782	19,403	18,623	17,178
NOVA SCOTIA									
Single Employable	7,244	8,079	7,711	7,333	7,221	7,091	7,079	6,931	6,840
Person with a Disability		10,635	10,572	10,418	10,273	10,088	10,244	10,059	9,896
Single Parent, One Child	12,545	12,927	12,837	12,683	12,680	12,452	12,629	12,397	12,197
Couple, Two Children	15,101	16,444	15,719	15,192	15,204	14,979	14,954	14,642	15,710
NEW BRUNSWICK									
Single Employable	3,570	3,864	3,807	3,726	3,728	3,675	3,698	3,635	3,617
Person with a Disability		10,124	9,969	9,678	9,686	9,622	7,549	7,523	7,488
Single Parent, One Child	10,724	10,475	10,315	10,085	10,156	10,184	10,604	11,125	11,057
Couple, Two Children	11,601	11,333	11,144	11,039	11,396	11,424	11,841	12,454	12,371
QUEBEC									
Single Employable	3,758	4,830	6,855	7,119	7,331	7,350	7,194	7,044	6,930
Person with a Disability		8,682	9,009	9,265	9,547	9,541	9,698	9,495	9,550
Single Parent, One Child	12,647	11,734	12,507	11,445	12,992	13,528	13,822	13,534	13,315
Couple, Two Children	16,346	15,324	14,999	15,439	15,960	16,430	16,215	15,878	15,620

2003 CONSTANT DOLLARS

1997	1998	1999	2000	2001	2002	2003	% Change 1986- 2003	% Change 1989- 2003	% Change 2002- 2003
1,260	1,266	1,264	1,764	3,227	7,381	7,180	26.1%	28.7%	-2.8%
9,520	9,467	9,387	9,254	9,097	8,923	8,680		-18.8%	-2.8%
12,916	12,877	12,732	12,507	12,301	12,069	11,746	-13.3%	-11.0%	-2.7%
14,109	14,048	13,814	13,462	13,238	12,986	12,638	-21.8%	-19.3%	-2.8%
6,044	5,986	5,885	6,035	5,928	5,918	5,940	-65.9%	-60.6%	0.4%
9,332	9,242	9,086	9,152	8,967	8,956	7,800		-42.3%	-14.8%
11,338	10,888	10,270	10,343	10,052	10,089	10,020	-35.6%	-31.2%	-0.7%
17,227	16,491	15,455	15,766	15,262	15,238	14,468	-37.6%	-35.4%	-5.3%
5,035	4,986	4,842	4,715	4,846	5,119	4,980	-45.5%	-62.2%	-2.8%
9,742	9,648	9,485	9,236	8,478	8,820	8,580		-23.9%	-2.8%
12,007	11,691	11,238	10,826	9,757	9,463	9,205	-36.3%	-40.4%	-2.8%
15,909	15,422	14,164	13,864	14,162	12,963	12,610	-19.8%	-30.4%	-2.8%
3,602	3,567	3,507	3,415	3,330	3,257	3,168	-12.7%	-22.0%	-2.8%
7,576	7,540	7,412	7,218	7,037	6,883	6,696		-51.2%	-2.8%
11,188	11,174	10,986	10,696	10,428	10,200	9,922	-8.1%	-5.6%	-2.8%
12,693	12,760	12,545	12,211	11,906	11,645	11,328	-2.4%	0.0%	-2.8%
6,720	6,621	6,669	6,554	6,526	6,624	6,544	42.6%	26.2%	-1.2%
9,537	9,621	9,644	9,534	9,527	9,573	9,460		8.2%	-1.2%
12,611	12,187	11,669	11,093	10,879	10,935	10,761	-17.5%	-9.0%	-1.6%
14,820	14,290	13,485	12,921	12,655	12,735	12,540	-30.4%	-22.2%	-1.6%

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN

	1986	1989	1990	1991	1992	1993	1994	1995	1996
ONTARIO									
Single Employable	8,032	8,637	9,433	9,680	10,011	9,976	9,983	9,271	7,605
Person with a Disability		12,470	13,307	13,600	13,822	13,739	13,748	13,461	13,243
Single Parent, One Child	14,385	15,500	17,375	17,802	18,121	18,088	18,103	16,796	13,791
Couple, Two Children	17,906	19,560	22,797	23,222	23,721	23,654	23,455	21,627	17,819
MANITOBA									
Single Employable	7,969	8,270	8,380	8,279	8,446	8,306	7,732	7,582	7,011
Person with a Disability		8,993	8,878	8,731	10,733	9,663	9,588	9,388	9,237
Single Parent, One Child	12,312	12,069	11,926	11,727	12,986	11,646	11,554	11,313	11,130
Couple, Two Children	18,654	19,588	21,080	21,088	21,697	19,776	20,124	19,693	17,640
SASKATCHEWAN									
Single Employable	6,671	6,678	6,529	6,334	6,574	6,918	6,906	6,762	6,653
Person with a Disability		10,882	10,540	10,135	10,041	9,944	9,928	9,721	9,841
Single Parent, One Child	13,688	13,640	13,254	12,759	12,610	12,468	12,447	12,188	11,990
Couple, Two Children	19,202	18,925	18,380	17,669	17,957	17,706	17,745	17,379	17,097
ALBERTA									
Single Employable	9,493	6,599	6,297	6,848	6,898	6,500	5,669	5,551	5,461
Person with a Disability		8,162	7,787	8,201	8,145	7,905	7,875	7,734	7,609
Single Parent, One Child	13,900	12,374	11,807	12,391	12,357	11,861	11,021	10,791	10,616
Couple, Two Children	20,667	18,232	17,396	19,179	19,196	18,483	17,352	17,166	16,888
BRITISH COLUMBIA									
Single Employable	6,781	7,442	7,609	7,489	7,715	7,738	7,931	7,792	7,081
Person with a Disability		10,269	10,624	10,381	10,831	10,901	11,157	10,962	10,784
Single Parent, One Child	12,212	13,443	13,587	13,315	13,909	13,954	14,299	14,046	13,818
Couple, Two Children	16,679	16,790	16,909	16,520	17,598	17,697	18,234	17,913	17,623

2003 CONSTANT DOLLARS

1997	1998	1999	2000	2001	2002	2003	% Change 1986- 2003	% Change 1989- 2003	% Change 2002- 2003
7,531	7,458	7,332	7,140	6,961	6,809	6,623	-21.3%	-30.4%	-2.8%
13,037	12,911	12,693	12,361	12,051	11,787	11,466		-8.8%	-2.8%
13,601	13,126	12,477	11,958	11,415	11,008	10,607	-35.6%	-46.1%	-3.8%
17,576	16,828	15,797	15,000	14,138	13,514	12,948	-38.3%	-51.1%	-4.4%
6,085	6,026	5,925	5,769	5,625	5,502	5,352	-48.9%	-54.5%	-2.8%
9,093	9,004	8,930	8,750	8,531	8,344	8,117		-10.8%	-2.8%
10,956	10,509	9,898	9,671	9,841	9,906	9,636	-27.8%	-25.3%	-2.8%
16,318	15,394	14,376	13,849	13,502	13,209	13,383	-39.4%	-46.4%	1.3%
5,994	5,955	6,133	6,091	6,066	5,971	5,940	-12.3%	-12.4%	-0.5%
8,796	8,794	9,033	8,902	8,854	8,672	8,587		-26.7%	-1.0%
11,804	10,458	10,498	10,192	9,880	9,526	9,123	-50.0%	-49.5%	-4.4%
15,850	15,243	15,224	14,513	14,012	13,442	12,968	-48.1%	-45.9%	-3.7%
5,408	5,432	5,340	5,200	5,070	4,959	4,824	-96.8%	-36.8%	-2.8%
7,522	7,526	7,592	7,956	7,756	7,587	7,520		-8.5%	-0.9%
10,538	10,341	10,050	9,668	9,187	8,805	8,684	-60.1%	-42.5%	-1.4%
16,705	16,289	15,480	14,954	14,110	13,439	13,031	-58.6%	-39.9%	-3.1%
6,971	6,904	6,787	6,663	6,570	6,426	6,230	-8.8%	-19.4%	-3.1%
10,616	10,513	10,336	10,148	10,008	9,789	9,547		-7.6%	-2.5%
13,546	13,075	12,433	12,026	11,669	10,839	10,363	-17.8%	-29.7%	-4.6%
17,235	16,499	15,489	14,824	14,224	13,336	12,556	-32.8%	-33.7%	-6.2%

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS IN

	1986	1989	1990	1991	1992	1993	1994	1995	1996
YUKON									
Single Employable	8,057	9,729	9,847	9,686	9,656	9,482	9,466	9,269	9,119
Person with a Disability		10,883	10,948	10,730	10,683	10,491	10,473	11,030	10,851
Single Parent, One Child	14,470	16,081	16,183	16,047	16,036	15,748	15,721	15,393	15,144
Couple, Two Children	22,170	24,141	23,983	23,984	24,173	23,738	23,698	23,204	22,829
NORTHWEST TERRITORIES									
Single Employable						13,576	13,553	13,271	12,969
Person with a Disability						15,378	15,352	15,032	15,048
Single Parent, One Child						23,016	22,978	22,499	22,030
Couple, Two Children						27,239	27,236	26,669	26,098
NUNAVUT									
Single Employable									
Person with a Disability									
Single Parent, One Child									
Couple, Two Children									

2003 CONSTANT DOLLARS

1997	1998	1999	2000	2001	2002	2003	% Change 1986- 2003	% Change 1989- 2003	% Change 2002- 2003
12,444	12,324	12,116	11,799	12,659	12,485	12,145	33.7%	19.9%	-2.8%
14,150	14,013	13,777	13,416	14,236	14,027	13,645		20.2%	-2.8%
18,721	18,199	17,789	17,123	17,603	17,131	16,560	12.6%	2.9%	-3.4%
26,964	26,134	24,935	23,903	24,005	23,501	22,689	2.3%	-6.4%	-3.6%
8,186	8,400	9,408	9,162	9,176	11,812	12,515			5.6%
10,847	10,810	11,777	11,469	11,656	15,245	16,115			5.4%
19,279	19,061	20,060	19,333	18,733	18,895	18,337			-3.0%
25,849	25,872	26,316	25,229	24,195	24,359	23,683			-2.9%
		11,278	10,983	10,708	10,432	10,148			-2.8%
		13,603	13,246	12,915	12,632	12,288			-2.8%
		28,462	27,516	27,043	26,240	25,435			-3.2%
		33,659	32,380	32,869	31,739	30,798			-3.1%

Over the longer term, the clawback of the National Child Benefit Supplement has had perverse effects on total welfare incomes. As the NCBS increased year by year, the amount of money clawed back by provinces and territories also increased and the portion of welfare incomes actually paid by provincial and territorial governments decreased.

In effect, the clawback was a back-door way of transferring money from the federal government to the provinces and territories to help defray the costs of welfare. Under those conditions, provinces and territories had absolutely no incentive to put in any more of their own money by way of increases in welfare rates.

Figures 4.1 through 4.26 show the shifts in funding patterns for welfare over the years, particularly since the start of the National Child Benefit in 1998. The federal contribution to total welfare incomes through federal child benefits and GST/HST Credit, represented by the black portion of each of the bars in the charts, got progressively and more noticeably larger starting in 1998. Provincial and territorial contributions to total welfare incomes, represented by the white portion of each of the bars, got smaller and smaller. With few exceptions, the result has been that welfare recipients – the poorest of Canada’s poor – have seen their total incomes stagnate or decline.

Even in Newfoundland and Labrador, one of the provinces that refused to go along with the clawback from the very beginning, the total income of the single parent with one child has been relatively flat in recent years. The total income of the couple with two children improved slightly from its modern-day low of \$17,120 in 1997. Virtually all the increases since 1997 for the couple were due to increases in the National Child Benefit.

The provincial welfare income of the single parent with one child and the couple with two children in Prince Edward Island has been decreasing since 1994, mainly because this province has been subtracting the NCBS from the basic social assistance. The federal contribution has increased, showing an overall stagnation of income.

In Nova Scotia, the provincial income of the single parent has been decreasing since 1994. Almost all the increases in the total income of the single parent since 1997 have been due to increases in the National Child Benefit. The total income of the couple with two children has been relatively flat since 1996, with the exception of 2001, when the province stopped clawing back the NCBS but eliminated personal allowances.

Families on welfare in New Brunswick saw relatively little change in the value of their welfare incomes. Welfare payments rates stayed the same, so they decreased in value by the cost of living. However, since the provincial government never clawed back the supplement to the federal child benefit, total welfare incomes were protected.

The total welfare income of a single parent in Quebec reached a peak in 1994, then decreased until 2002, when it started again to increase due to a change in 2001 in how Quebec treated the NCBS. The total income of the couple reached a peak in 1993, and then decreased until 2002, and increased when Quebec changed its treatment of the NCBS. The provincial family allowances were frozen at the July 2000 rate and the value of provincial incomes has declined.

In Ontario, total welfare incomes for both family types dropped steadily since Ontario cut welfare drastically in October 1995. The federal portion of welfare incomes grew following the introduction of federal child benefits in 1998. However, Ontario's decision to claw back the supplement ensured that welfare families did not benefit from this federal increase.

Effective February 2003, Manitoba decided to cease the clawback to the supplement for children under twelve. As a result, couples with two children experienced a slight increase in its total welfare income by \$297. This was the first increase since 1994 for this family type. The single-parent family saw an increase in its total welfare income in 2002 when Manitoba allowed families with younger children to keep the NCBS.

Between 1999 and 2003, the single-parent family and the couple in Saskatchewan saw an overall decrease in total welfare income because the provincial welfare benefits did not keep pace with the clawback of the supplement to the federal child benefit and increases in the cost of living.

The value of total welfare incomes in Alberta for the single-parent family and the couple family dropped steadily since 1993 with the exception of 1999 after the National Child Benefit was introduced. The provincial share of welfare decreased over that period.

In constant dollars, the value of welfare for British Columbia families peaked in 1994 and dropped afterward, yet the federal share of incomes grew.

In Yukon, the value in constant dollars of welfare incomes peaked in 1997 for both families but declined afterward, mainly because Yukon reduced welfare income by the full amount of the NCBS.

Northwest Territories clawed back the value of the supplement to the federal child tax benefit from its introduction, so the total income of both the single parent and the couple with children have been relatively flat in recent years. When they occurred, increases to welfare were insufficient to offset the clawback's effect.

Nunavut clawed back the supplement to the federal child benefit by cutting welfare to families. As a result, in the five years since the territory was established, total welfare incomes for both family types shrunk. At the same time, the portion of welfare incomes supplied by the federal government has increased. Nunavut reduced its contribution to the income of the two families on welfare by clawing back the value of the supplement to the federal child tax benefit. The supplement to the federal child benefit was slightly less than the supplement to families in other jurisdictions due to higher family incomes on welfare in the territory. As a result, the territorial clawback was also slightly smaller.

Figure 4.1: Newfoundland & Labrador Welfare Income, Single Parent, One Child (2003 dollars)

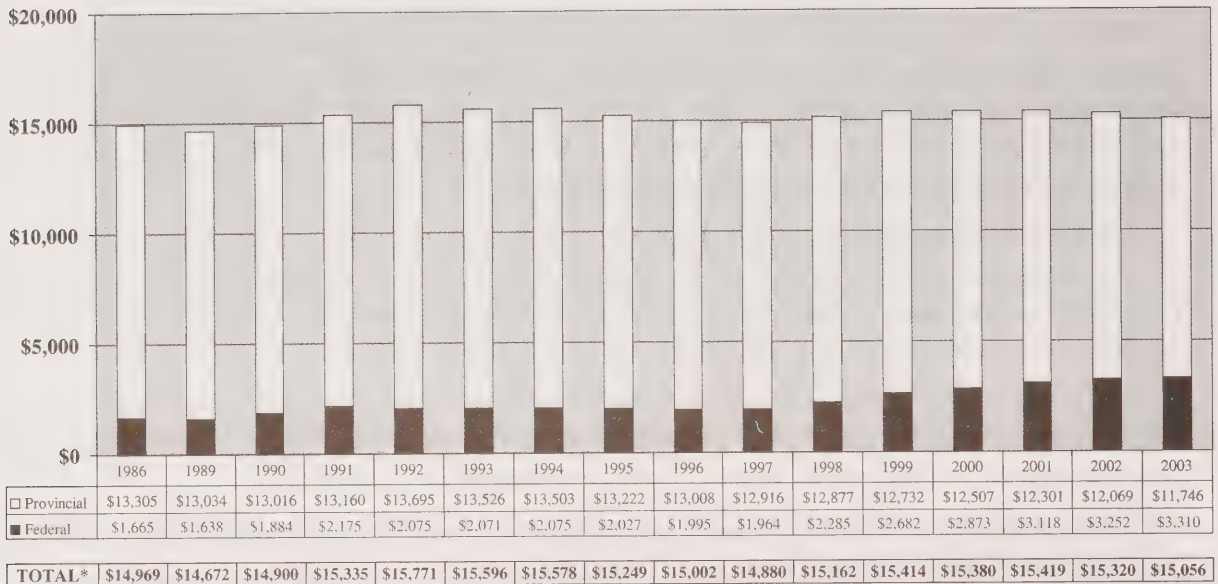
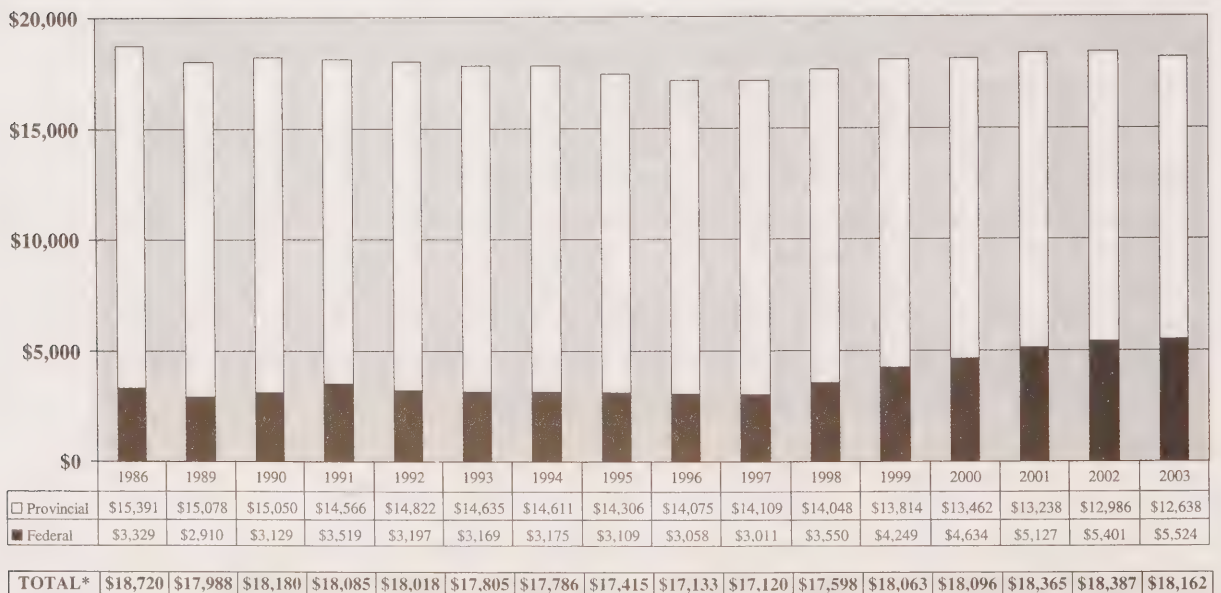


Figure 4.2: Newfoundland & Labrador Welfare Income, Couple, Two Children (2003 dollars)



* Due to the effects of rounding, totals may not always add up.

Figure 4.3: Prince Edward Island Welfare Income, Single Parent, One Child (2003 dollars)

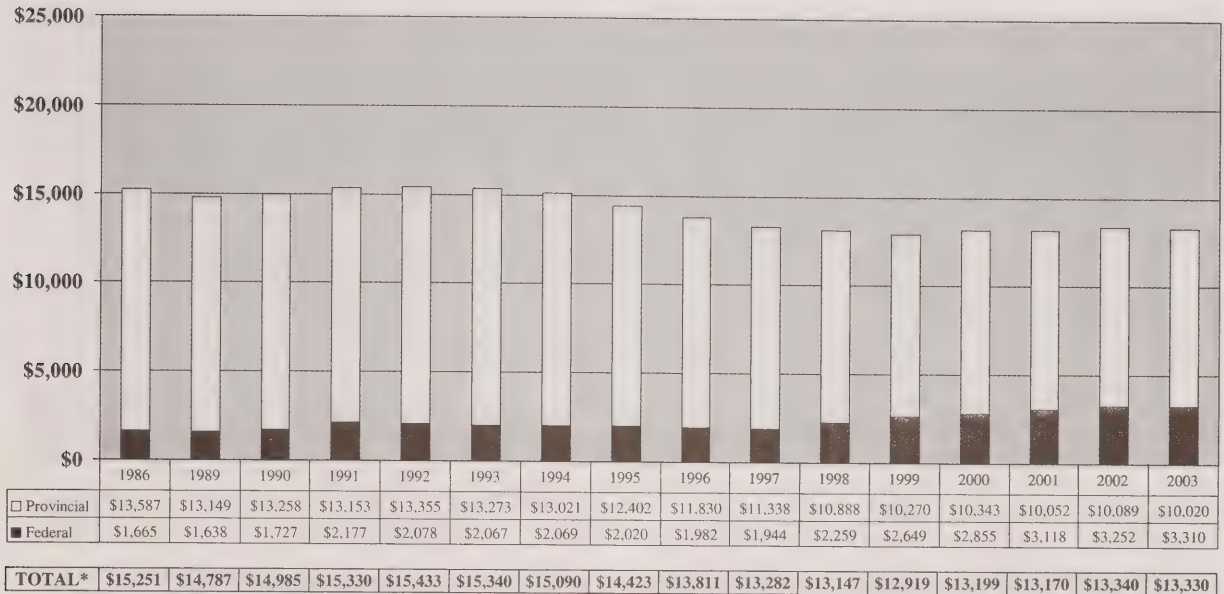
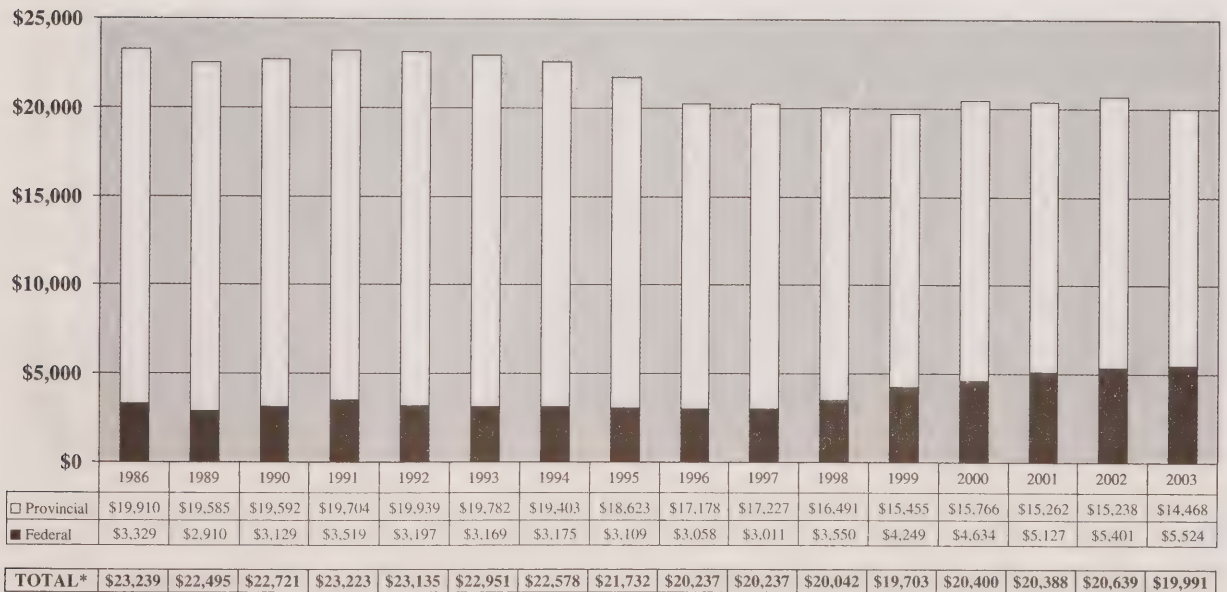


Figure 4.4: Prince Edward Island Welfare Income, Couple, Two Children (2003 dollars)

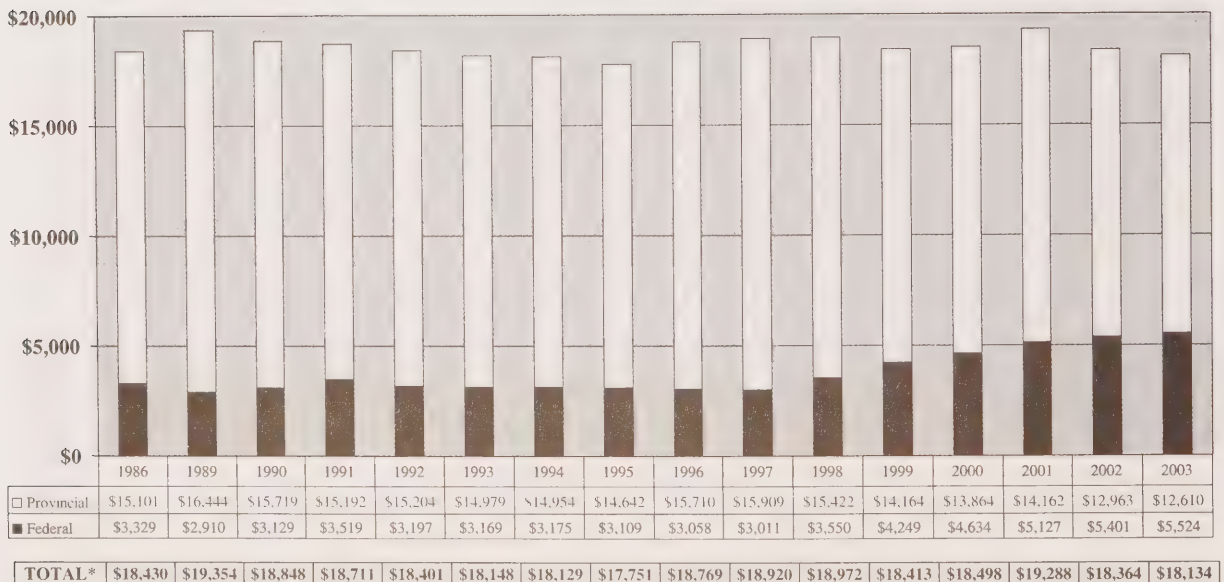


* Due to the effects of rounding, totals may not always add up.

**Figure 4.5: Nova Scotia Welfare Income,
Single Parent, One Child (2003 dollars)**



**Figure 4.6: Nova Scotia Welfare Income,
Couple, Two Children (2003 dollars)**



* Due to the effects of rounding, totals may not always add up.

Figure 4.7: New Brunswick Welfare Income, Single Parent, One Child (2003 dollars)

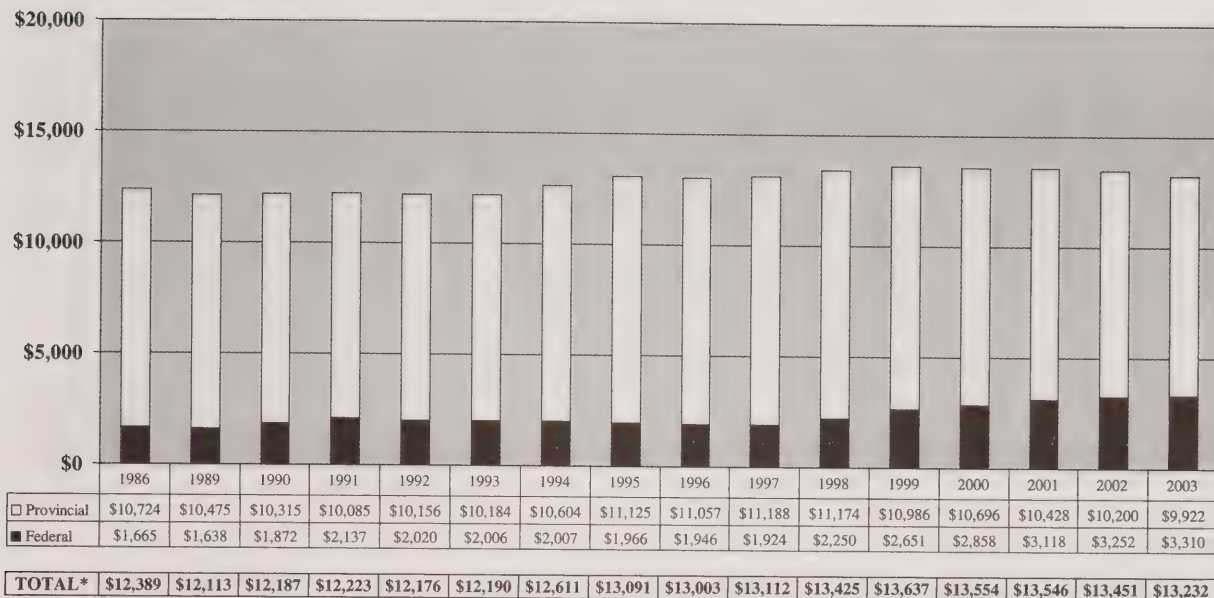
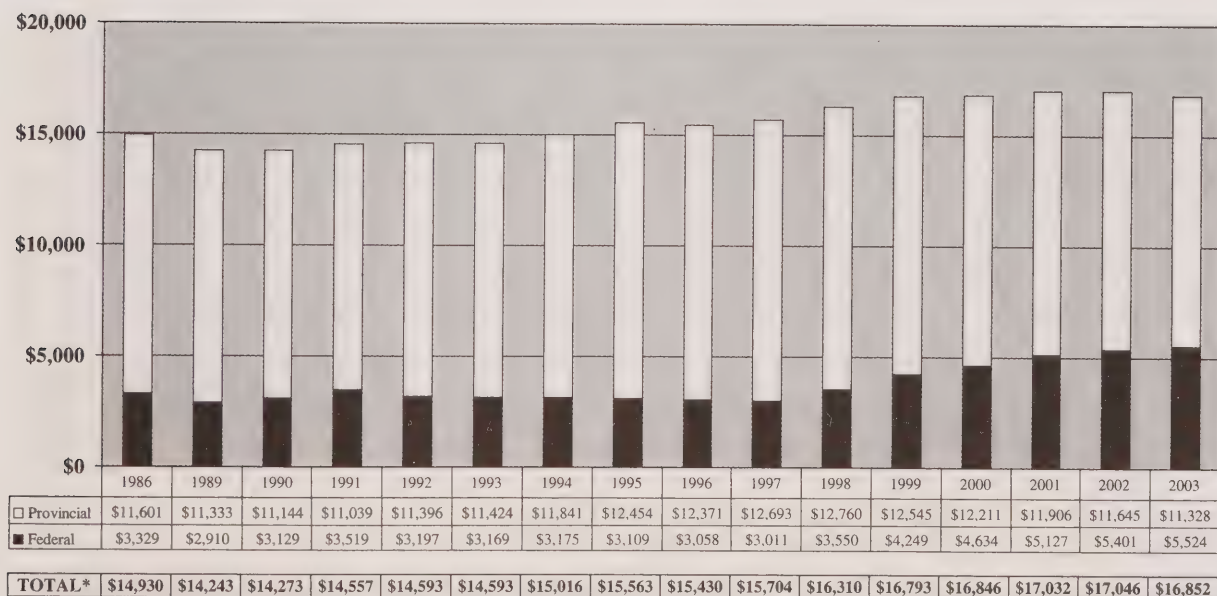
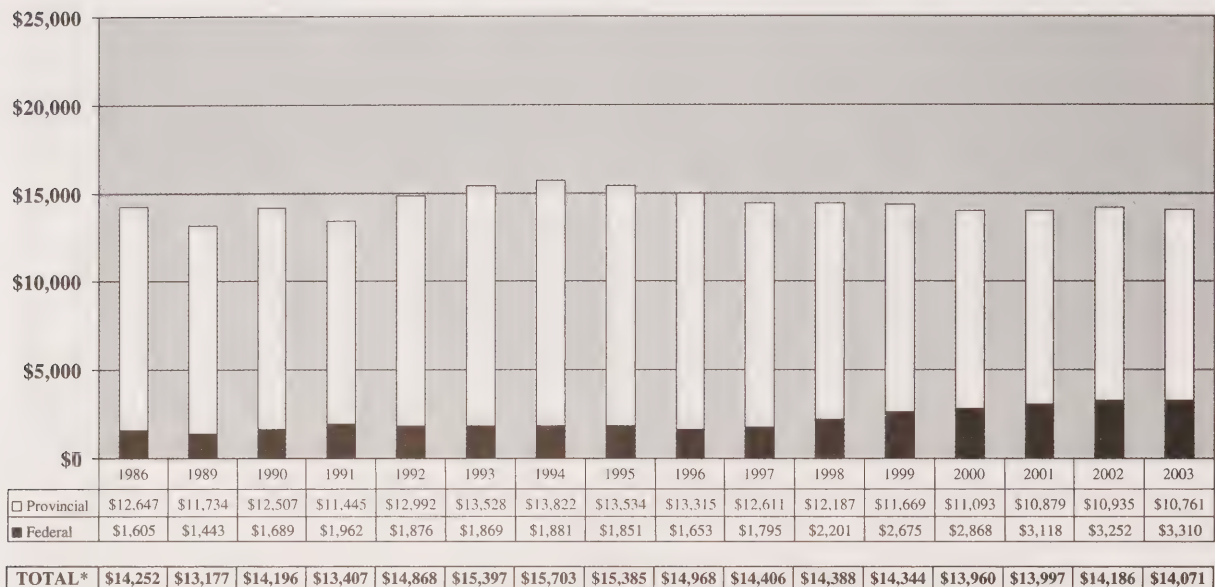


Figure 4.8: New Brunswick Welfare Income, Couple, Two Children (2003 dollars)

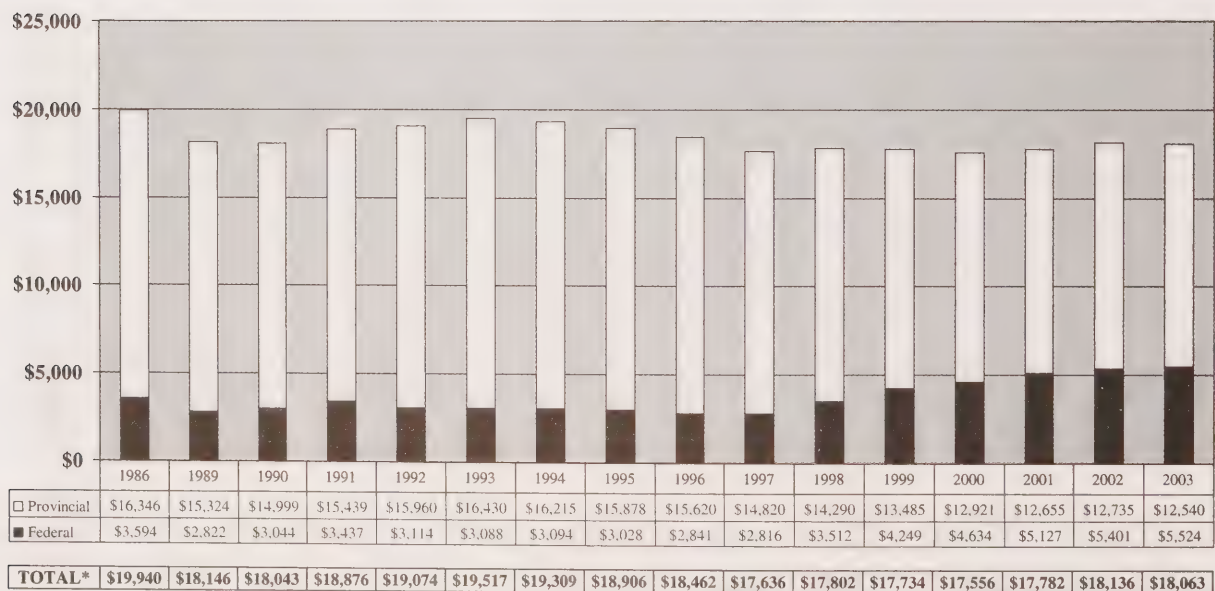


* Due to the effects of rounding, totals may not always add up.

**Figure 4.9: Quebec Welfare Income,
Single Parent, One Child (2003 dollars)**

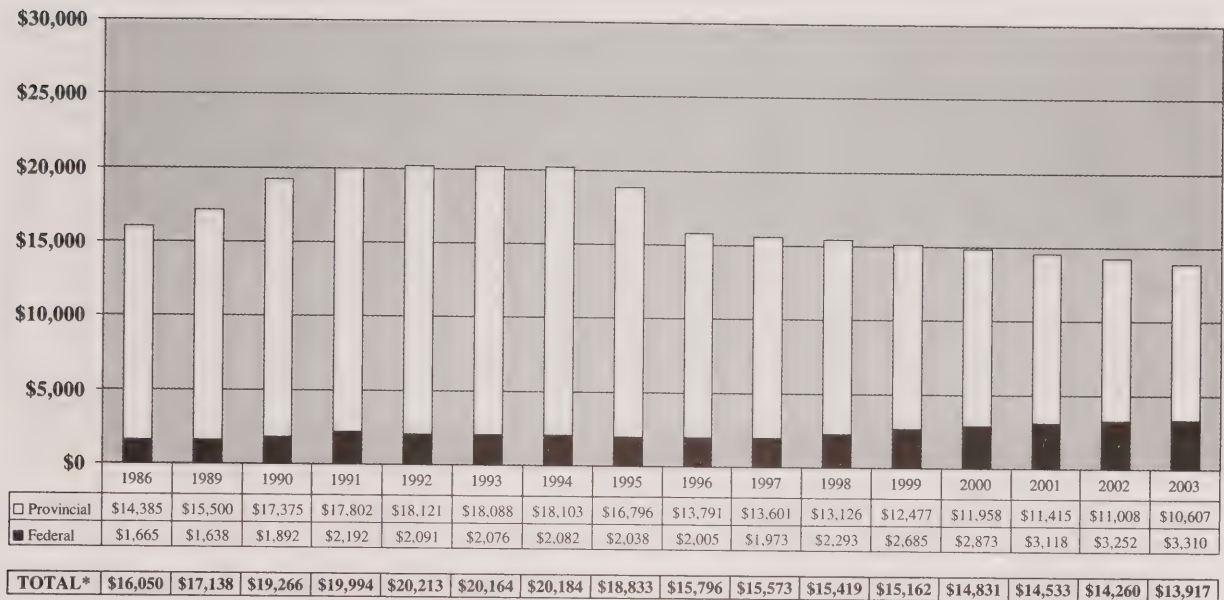


**Figure 4.10: Quebec Welfare Income,
Couple, Two Children (2003 dollars)**

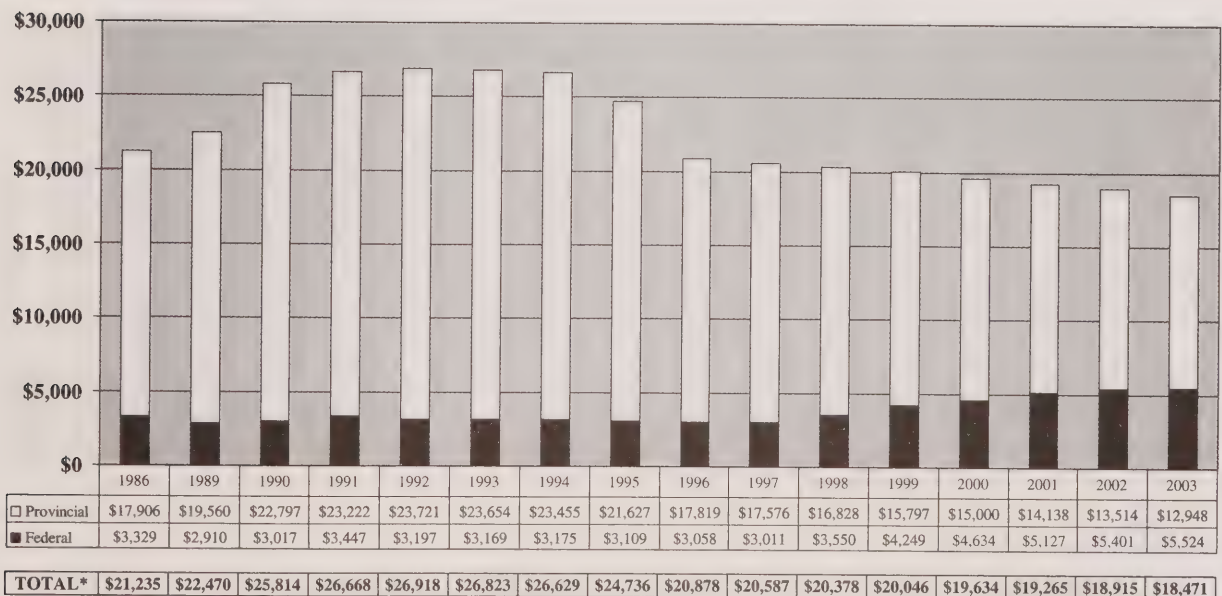


* Due to the effects of rounding, totals may not always add up.

**Figure 4.11: Ontario Welfare Income,
Single Parent, One Child (2003 dollars)**



**Figure 4.12: Ontario Welfare Income,
Couple, Two Children (2003 dollars)**



* Due to the effects of rounding, totals may not always add up.

Figure 4.13: Manitoba Welfare Income, Single Parent, One Child (2003 dollars)

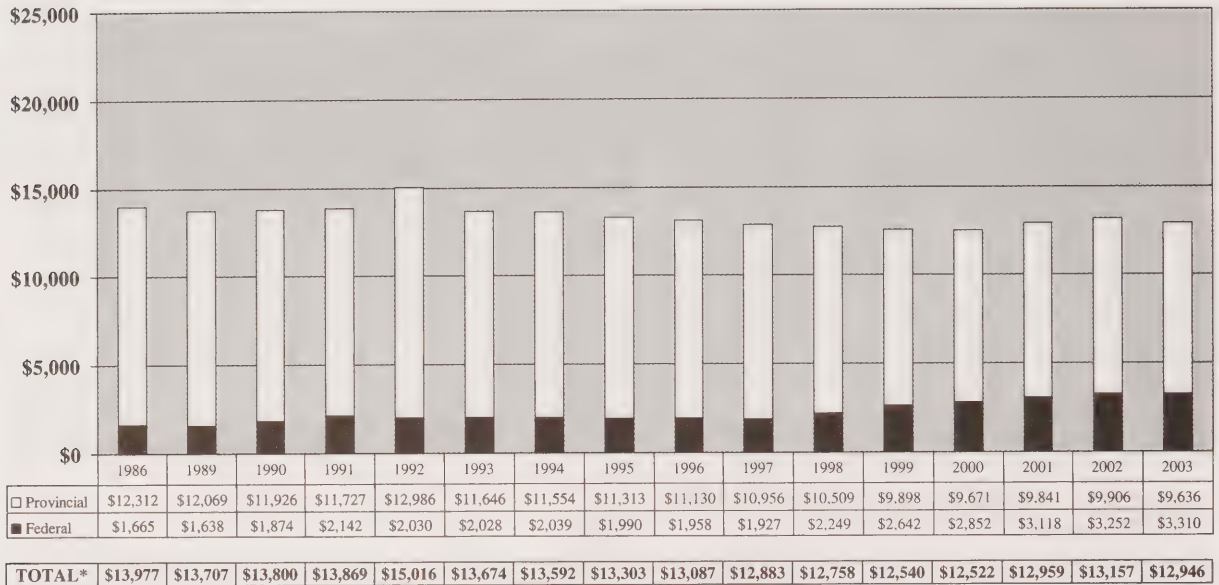
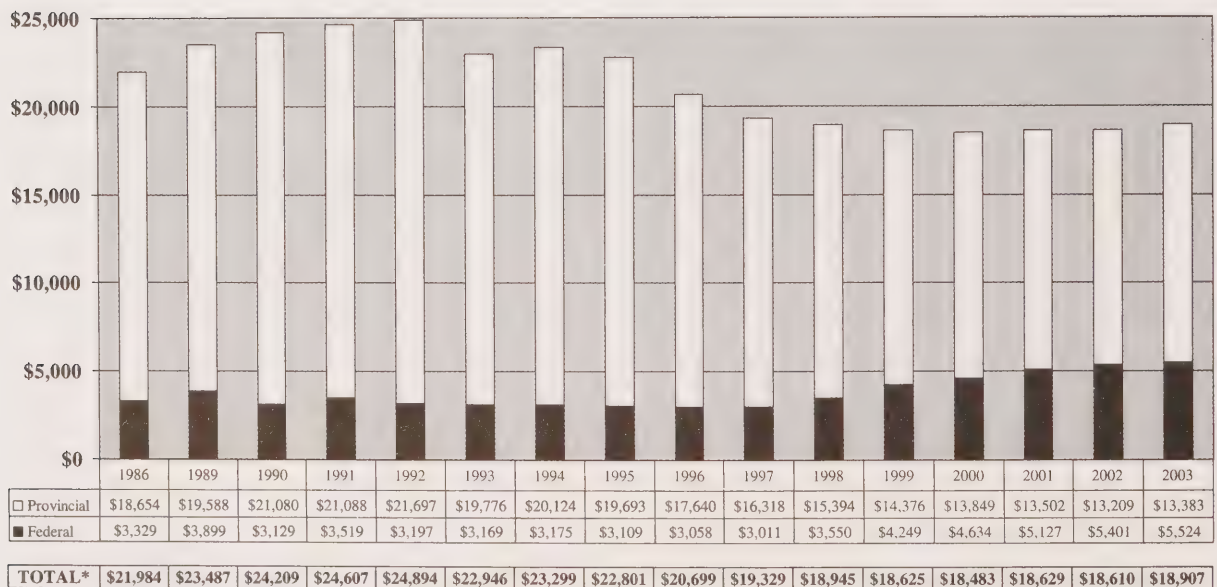
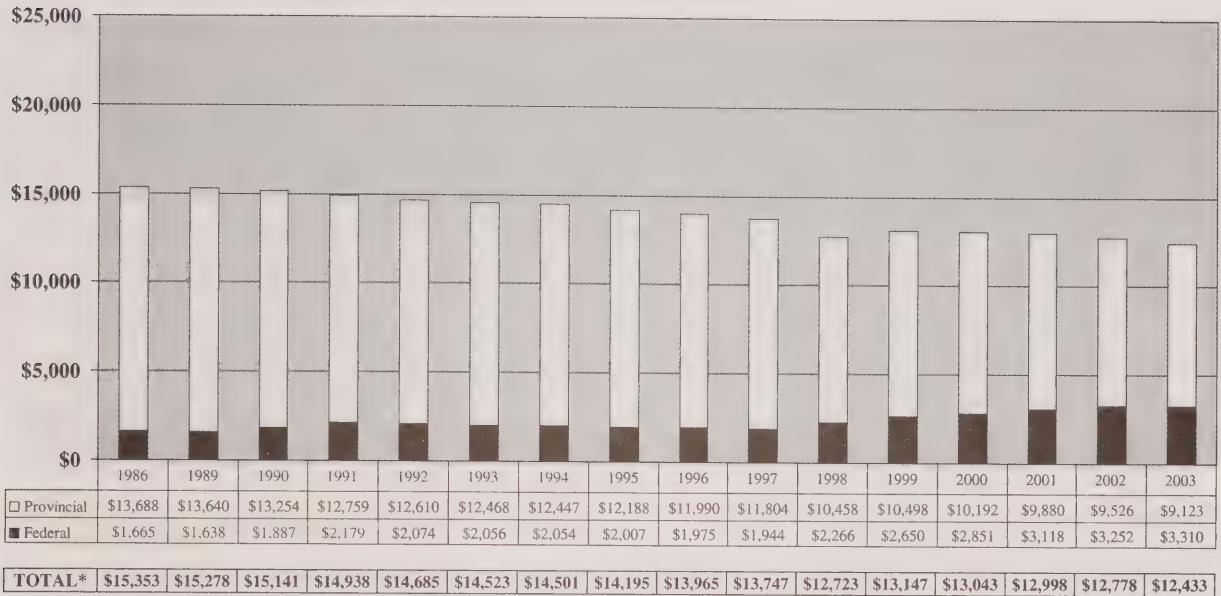


Figure 4.14: Manitoba Welfare Income, Couple, Two Children (2003 dollars)

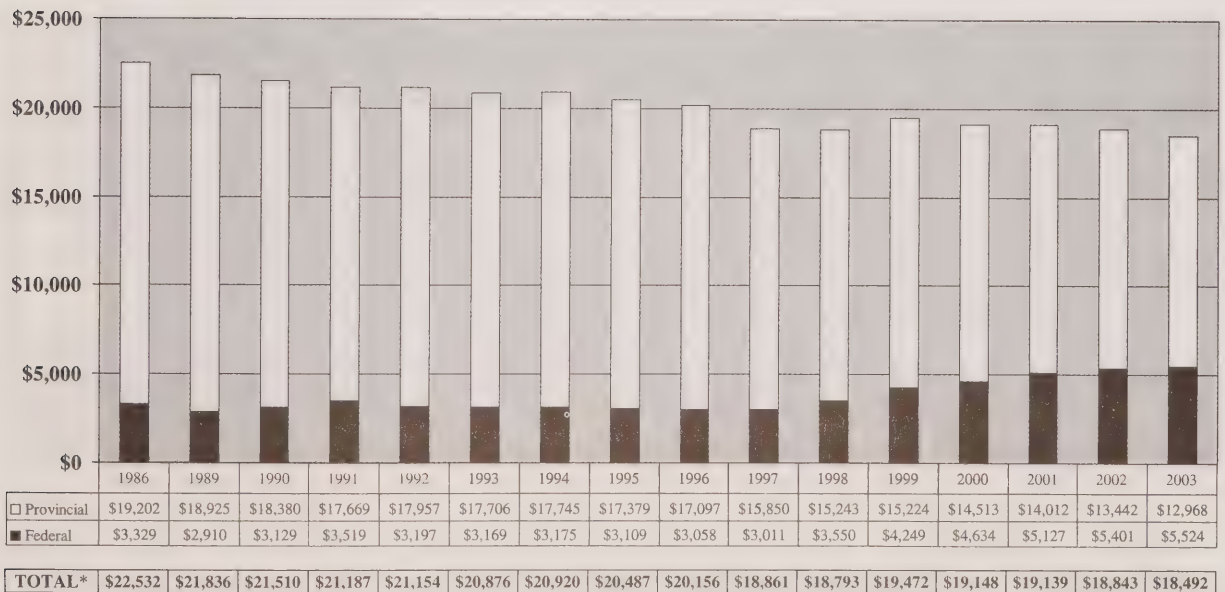


* Due to the effects of rounding, totals may not always add up.

**Figure 4.15: Saskatchewan Welfare Income,
Single Parent, One Child (2003 dollars)**

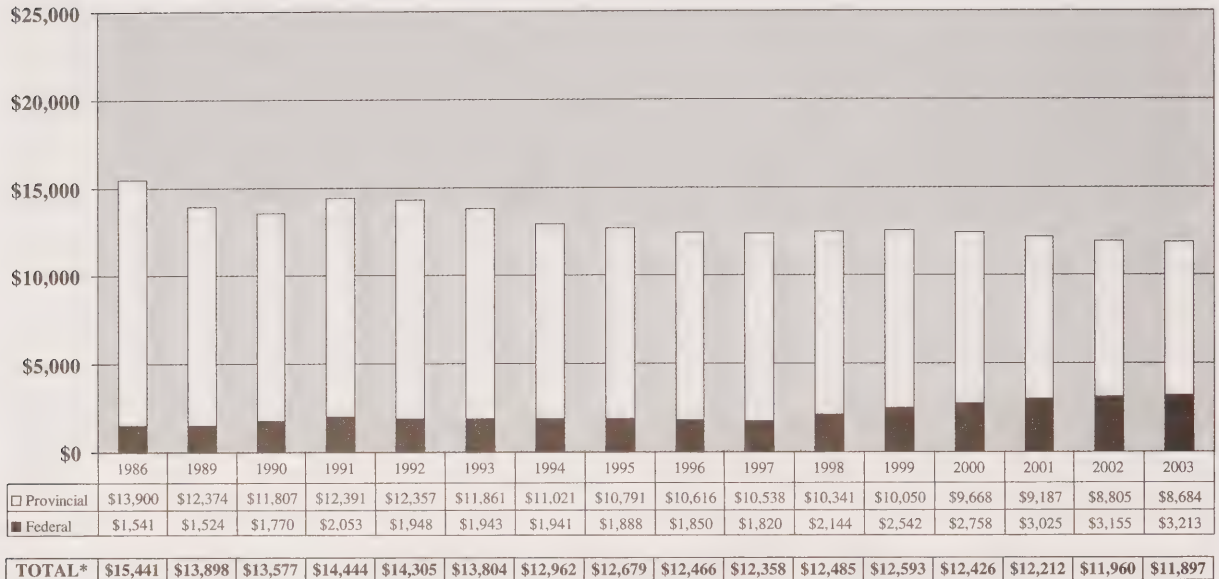


**Figure 4.16: Saskatchewan Welfare Income,
Couple, Two Children (2003 dollars)**

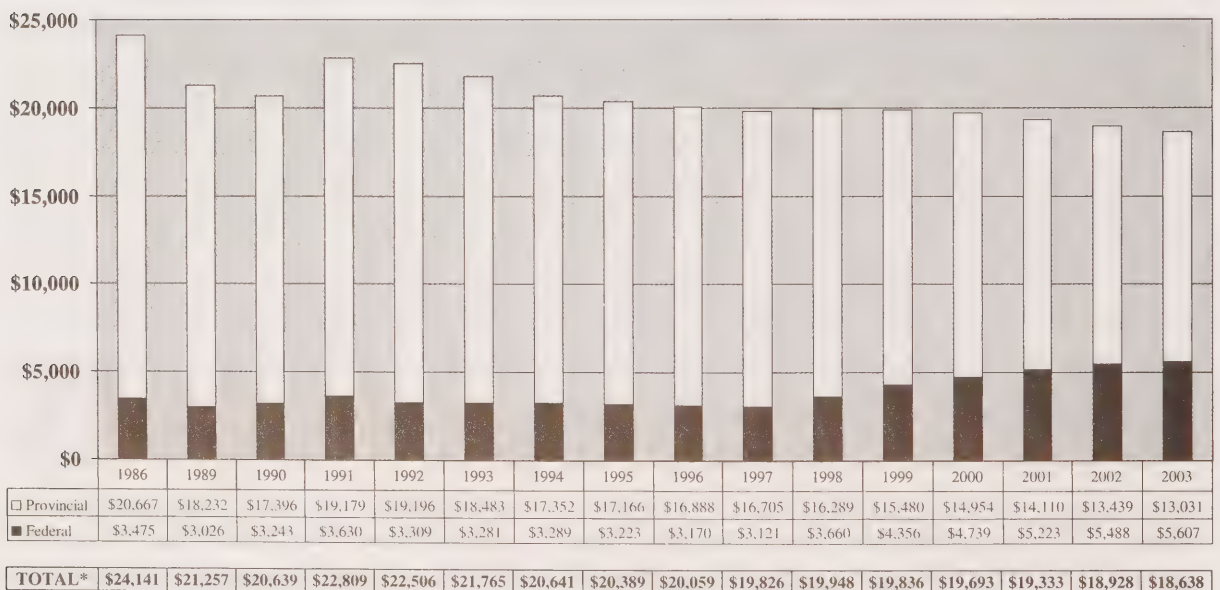


* Due to the effects of rounding, totals may not always add up.

**Figure 4.17: Alberta Welfare Income,
Single Parent, One Child (2003 dollars)**

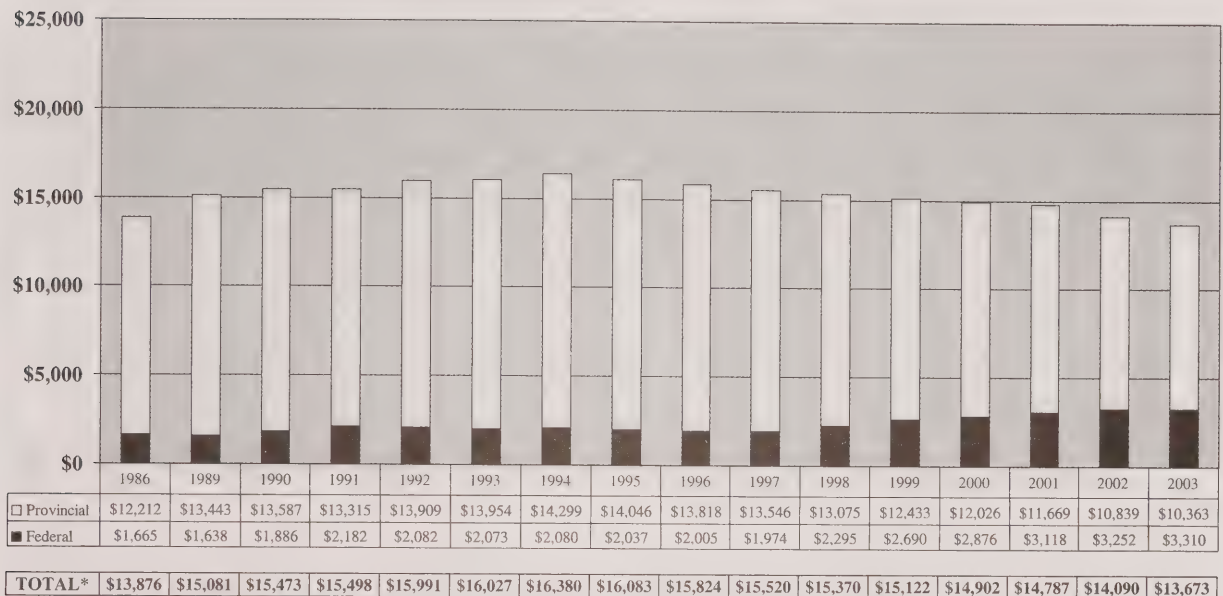


**Figure 4.18: Alberta Welfare Income,
Couple, Two Children (2003 dollars)**

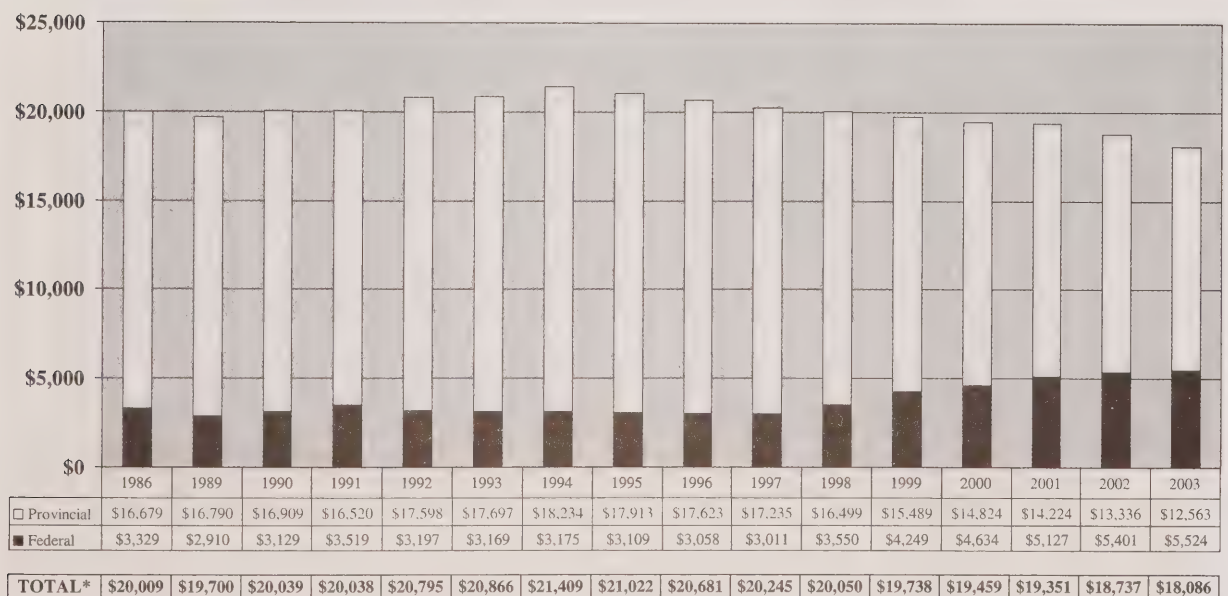


* Due to the effects of rounding, totals may not always add up.

**Figure 4.19: British Columbia Welfare Income,
Single Parent, One Child (2003 dollars)**

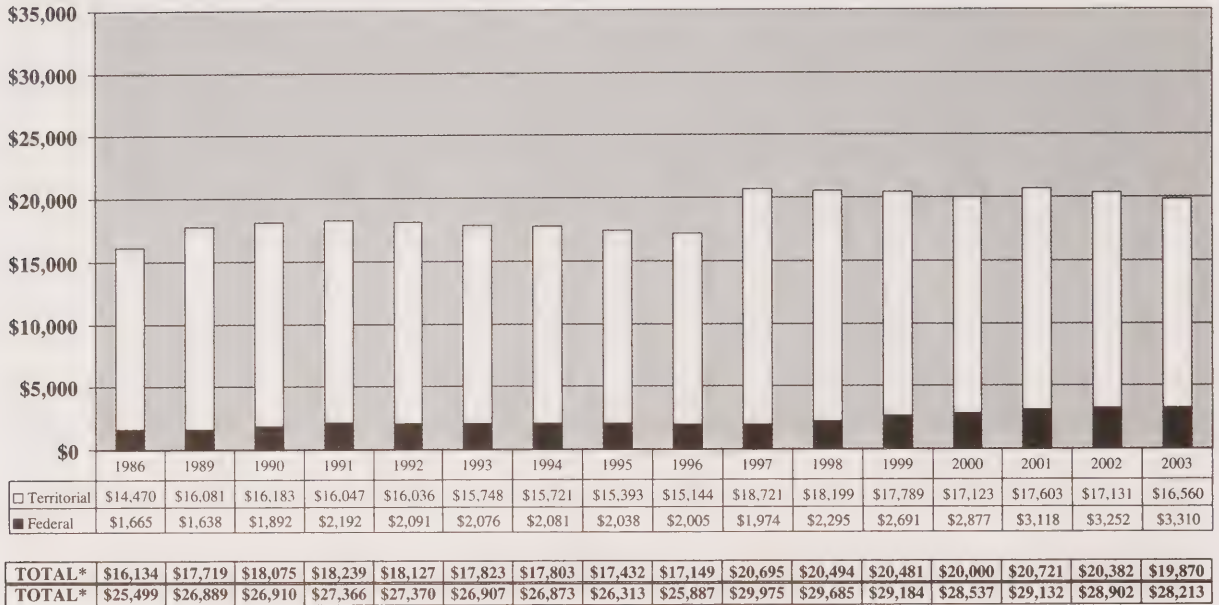


**Figure 4.20: British Columbia Welfare Income,
Couple, Two Children (2003 dollars)**

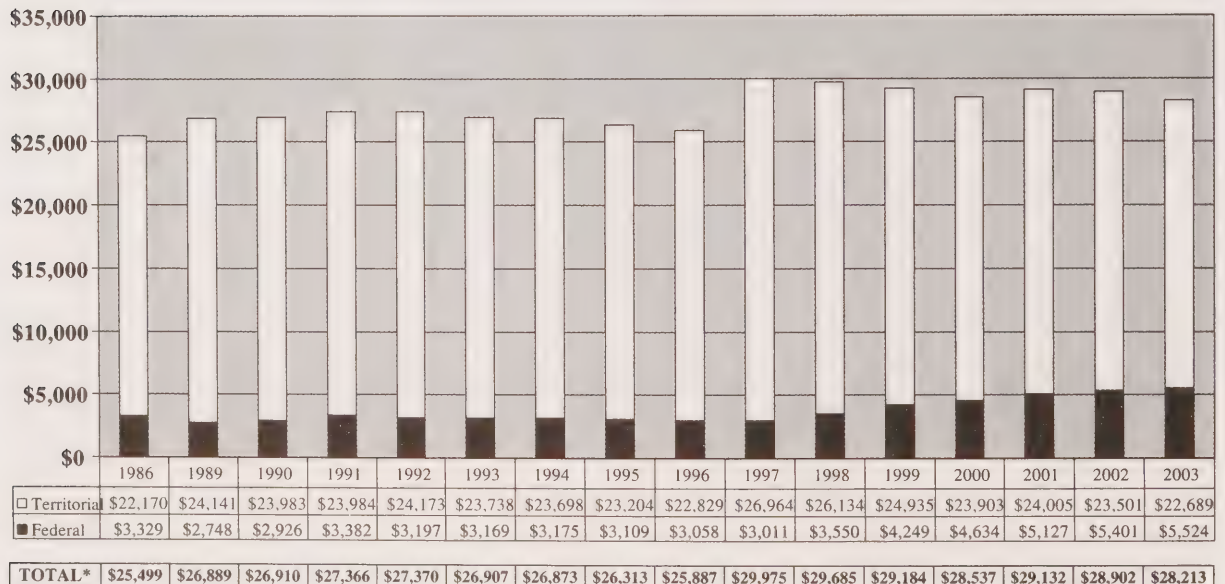


* Due to the effects of rounding, totals may not always add up.

**Figure 4.21: Yukon Welfare Income,
Single Parent, One Child (2003 dollars)**

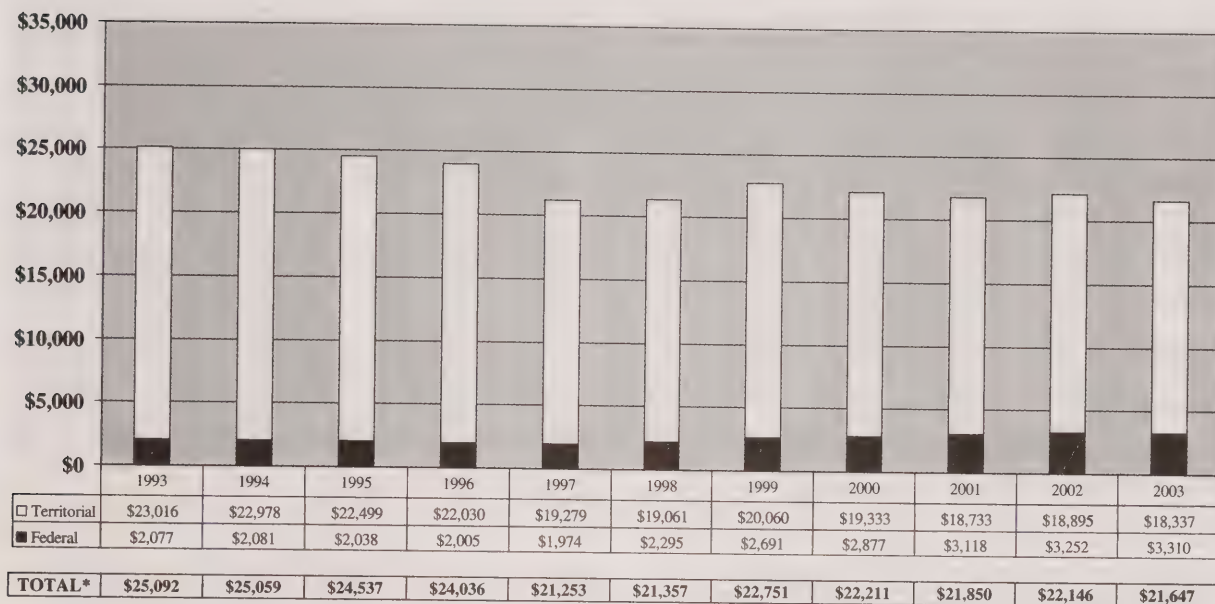


**Figure 4.22: Yukon Welfare Income,
Couple, Two Children (2003 dollars)**

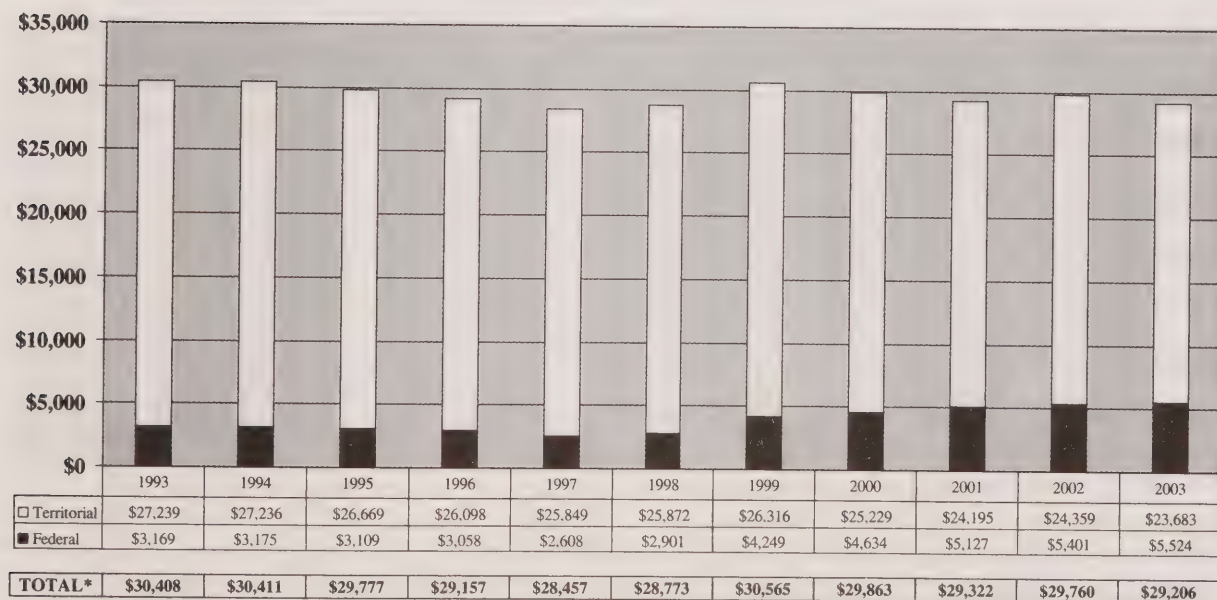


* Due to the effects of rounding, totals may not always add up.

**Figure 4.23: Northwest Territories Welfare Income,
Single Parent, One Child (2003 dollars)**

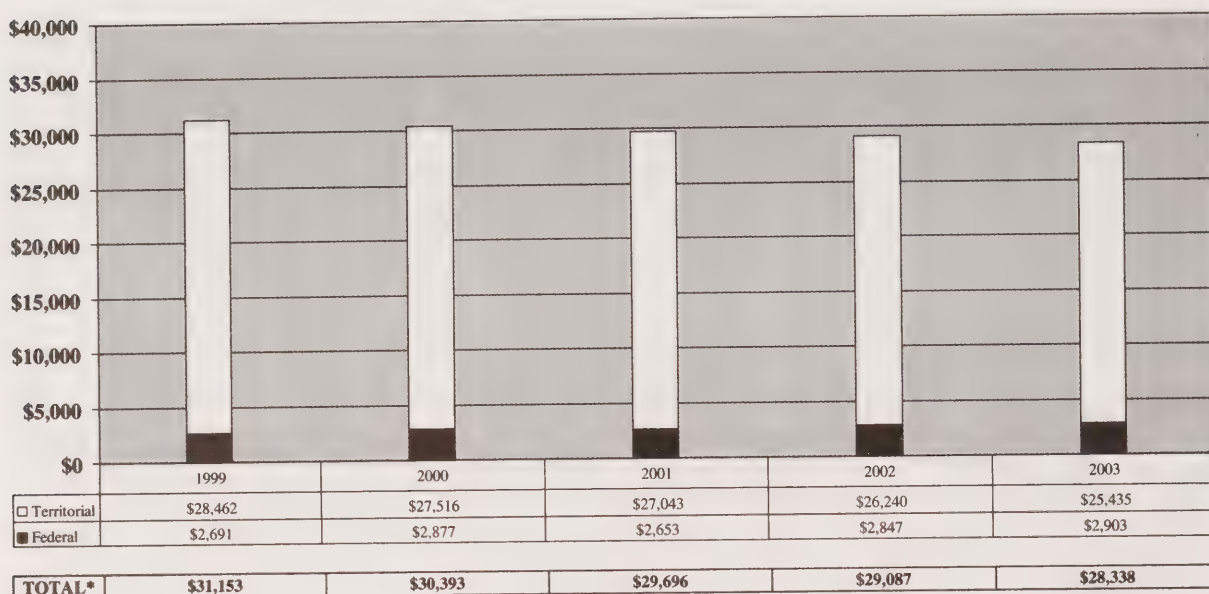


**Figure 4.24: Northwest Territories Welfare Income,
Couple, Two Children (2003 dollars)**

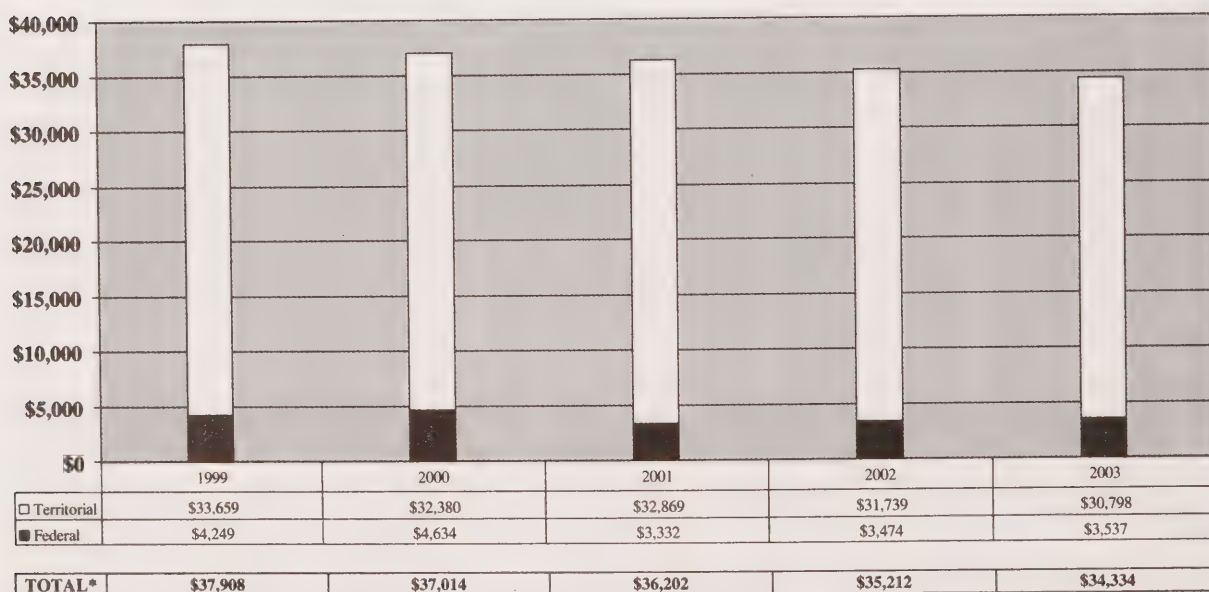


* Due to the effects of rounding, totals may not always add up.

**Figure 4.25: Nunavut Welfare Income,
Single Parent, One Child (2003 dollars)**



**Figure 4.26: Nunavut Welfare Income,
Couple, Two Children (2003 dollars)**



* Due to the effects of rounding, totals may not always add up.

V. WELFARE INCOMES AND POVERTY OVER TIME

In the years in which the National Council of Welfare has examined welfare rates, provincial and territorial governments have frequently made changes to their welfare programs.

Programs affecting people on welfare have changed significantly since 1986. Until April 1, 1996, the federal government supported welfare in a cost-sharing arrangement with the provinces and territories through the Canada Assistance Plan or CAP. After that, the federal government provided money to the provinces and territories through a block-funding arrangement called the Canada Health and Social Transfer or CHST, an arrangement that paid the provinces significantly less. The CHST also removed many of the protections for people who used the social programs that received funding from CAP. Under CAP, the provinces and territories had to administer a needs test to determine whether people needed welfare; under CHST, there is no such obligation. Where CAP required the provinces and territories to provide an appeals process for people who feel mistreated by the welfare system, CHST does not. CAP also prevented the provinces and territories from imposing residence requirements, but the CHST does not, which means a person needs to live in the province or territory in order to be eligible for benefits.

In the early 1990s, federal, provincial and territorial governments turned their attention to their budget deficits. The recession of the early 1990s made a bad situation worse. As unemployment rates climbed, so did the cost of employment insurance and welfare. The federal government slashed social programs to the bone, leaving the provinces and territories with the problem.

One result of this was that provincial and territorial governments looked at every possible way to pinch pennies in their welfare programs. The Council's 1997 report *Another Look at Welfare Reform* identified many of the changes to the welfare system in that period. In Ontario, for example, the new government announced major cuts to all government spending in 1995-1996, but welfare took the biggest hit. In Ontario, the provincial government saved \$469 million by cutting welfare rates for everyone except seniors and the disabled by 21.6 percent in October 1995. Many provinces increased the monitoring of welfare recipients, claiming that they needed to ensure that no one cheated the system. Welfare policies also began to enforce work requirements very stringently.

The other major change in this period was the introduction of the National Child Benefit which includes the Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCBS). The federal government introduced the program in July 1998 and has regularly increased the benefits. As a result, the federal portion of the total welfare incomes of families has increased significantly since 1998. The arrangement the federal government had with the provinces and territories allowed them to claw back part of the federal money from parents who were forced to depend on welfare. Even in the provinces that did not claw back any of the federal benefits, there were almost no increases to welfare.

Table 5.1 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 2003 by showing welfare incomes as percentage of the poverty line. We have included the total income of welfare recipients, including basic social assistance from provincial and territorial governments, federal, provincial and territorial child benefits, GST credits and provincial tax credits. For each year, the incomes are shown as a percentage of the poverty line. This calculation ensures that the comparisons take into consideration factors such as the size of families and communities. This also allows us to make comparisons across provinces.

The territories are not included in this table because they are excluded from the Statistics Canada survey that is used to generate the low income cut-offs. The National Council of Welfare did not include a single person with a disability in its original calculations of welfare incomes for 1986, so the figures for people with disabilities begin in 1989.

At no point between 1986 and 2003 did any province or territory provide welfare benefits that allowed welfare recipients to reach the poverty line. As Table 5.1 shows, the highest rates ever achieved were still substantially below the poverty line and have since deteriorated significantly. The one set of rates that was not lower in 2003 was that of single employable people in Newfoundland and Labrador. Their welfare incomes improved dramatically in 2002 because of a massive change in provincial welfare policy. In June 1996, the provincial government made room and board the rule for all single employable people on welfare, except in exceptional cases, resulting in welfare incomes dropping from 33 percent of the poverty line in 1995 to 19 percent in 1996 to just nine percent from 1997 to 1999. The province slowly ceased to enforce this rule and allowed single employable people to receive welfare as tenants of rented units. The Newfoundland rate for regular welfare has improved to its best level ever: 45 percent of the poverty line in 2002 and 44 percent by 2003.

The last column of Table 5.1 shows that between 2002 and 2003, the standard of living for people on welfare declined in most cases. Incomes dropped for all household types in all provinces, except for the single employable in Prince Edward Island who saw a slight increase of 0.3 percent and the couple in Manitoba who saw an improvement of 1.6 percent in the adequacy of their welfare incomes in 2003.

Quebec was the province that had the smallest drop for all family types in 2003, ranging from a decrease of 0.4 percent for the couple to a decrease of 1.2 percent for the single employable people and the disabled people. However, as we can see further below, the couple with older children in Quebec experienced the lowest standard of living in Canada in 2003.

The poorest of all welfare recipients in Canada were consistently single employable people. New Brunswick had the distinction of providing the lowest welfare income to single employable people at only 20 percent of the poverty line in 2003. The highest percentage was in Newfoundland at 44 percent of the poverty line, down from 45 percent in 2002.

Between 1989 and 2003, as shown in the second column from the right in the table, single employable people in Prince Edward Island lost the most ground in their standard of living.

Their incomes were 66 percent of the poverty line in 1989 and only 36 percent by 2003. This represents a drop of 80.8 percent.

The reason for the huge increase between 1989 and 2003 for single employable in Quebec was that the province overhauled its welfare system in 1989. At that time, Quebec changed its policy which provided single employable people under the age of thirty with lower welfare rates than Quebec gave to single employable people above the age of thirty. The National Council of Welfare used the lower rate in its original calculations for 1986 and 1989.

Since 1989, the welfare incomes of people with disabilities have steadily eroded. In every province except Quebec and Manitoba, these welfare incomes are a much lower percentage of the poverty line in 2003 than they were in 1989. Although there were minor gains made in some intervening years in some provinces, every gain has been lost over time.

A couple with two children ages 10 and 15 in Quebec experienced the lowest standard of living for this family type in Canada at only 48 percent of the poverty line in 2003. This was a major drop from 54 percent in 1989. The couple with two children in New Brunswick experienced the biggest gains in this time period, with a 16.6 percent increase. The highest percentage for this household type was in Prince Edward Island at 63 percent of the poverty line in 2003 down from a high of 78 percent in 1989.

The third column from the right shows changes between 1986 and 2003. It illustrates that the majority of household types experienced losses in their standard of living over this eighteen-year period. The largest gains were made by the single employable person in Quebec. The greatest losses were those of the single employable person in Alberta whose income was 51 percent of the poverty line in 1986 but was only 25 percent of the poverty line by 2003.

Between 1986 and 2003, single-parent families lost ground in most provinces with the exception of Newfoundland and Labrador, New Brunswick, Quebec and British Columbia. In Alberta, the welfare income of the single-parent family was at an all-time low of 48 percent of the poverty line in 2002 and in 2003, the lowest standard of living for a single parent in the country. The highest percentage for this household type was in Newfoundland at 71 percent of the poverty line in 2003 which was down from 72 percent in 2002.

Welfare incomes in all the provinces were grossly inadequate and in most cases were far less adequate than they were in 1986 or 1989. The National Council of Welfare is extremely concerned about this trend. The poorest of the poor have fallen farther behind and the gap between the haves and have nots widened in a country often regarded as the best place to live in the world.

On the next pages, Figures 5.1 and 5.2 illustrate that single employable people are consistently the most impoverished groups on welfare in all the provinces. Figures 5.3 and 5.4 show that single people with disabilities live at a poverty level only slightly better. For both groups of people on welfare, already low welfare benefits have in general eroded slowly over time.

TABLE 5.1: 2003 WELFARE INCOME AS

	1986	1989	1990	1991	1992	1993	1994	1995	1996
NEWFOUNDLAND AND LABRADOR									
Single Employable	33%	32%	32%	33%	34%	33%	33%	33%	19%
Person with a Disability		64%	63%	63%	64%	63%	63%	62%	61%
Single Parent, One Child	68%	66%	67%	69%	71%	71%	70%	69%	68%
Couple, Two Children	58%	56%	56%	56%	56%	55%	55%	54%	53%
PRINCE EDWARD ISLAND									
Single Employable	62%	66%	60%	62%	62%	62%	56%	43%	40%
Person with a Disability		77%	70%	70%	71%	70%	69%	67%	67%
Single Parent, One Child	71%	75%	69%	71%	71%	71%	70%	67%	64%
Couple, Two Children	74%	78%	71%	73%	73%	73%	71%	69%	64%
NOVA SCOTIA									
Single Employable	44%	50%	48%	47%	46%	45%	45%	44%	43%
Person with a Disability		66%	66%	66%	65%	64%	65%	63%	62%
Single Parent, One Child	64%	66%	66%	67%	67%	66%	67%	65%	64%
Couple, Two Children	57%	60%	58%	58%	57%	56%	56%	55%	58%
NEW BRUNSWICK									
Single Employable	22%	24%	24%	25%	24%	24%	24%	24%	24%
Person with a Disability		63%	62%	62%	61%	61%	61%	48%	47%
Single Parent, One Child	56%	55%	55%	55%	55%	55%	57%	59%	59%
Couple, Two Children	46%	44%	44%	45%	45%	45%	46%	48%	48%
QUEBEC									
Single Employable	20%	31%	48%	41%	41%	41%	40%	39%	39%
Person with a Disability		47%	49%	53%	53%	53%	54%	53%	53%
Single Parent, One Child	57%	54%	58%	54%	59%	60%	62%	61%	60%
Couple, Two Children	54%	54%	59%	52%	52%	53%	52%	51%	51%

PERCENTAGE OF THE POVERTY LINE

1997	1998	1999	2000	2001	2002	2003	% Change 1986-2003	% Change 1989-2003	% Change 2002-2003
9%	9%	9%	12%	20%	45%	44%	25.2%	26.5%	-2.7%
60%	60%	59%	56%	55%	54%	53%		-21.7%	-2.8%
67%	69%	70%	72%	73%	72%	71%	4.5%	7.0%	-1.8%
53%	54%	56%	57%	57%	58%	57%	-1.9%	1.5%	-1.2%
39%	39%	38%	37%	36%	36%	36%	-69.6%	-80.8%	0.3%
60%	60%	59%	56%	55%	55%	48%		-61.3%	-14.4%
62%	61%	60%	63%	62%	63%	63%	-11.8%	-18.6%	-0.1%
64%	63%	62%	64%	64%	65%	63%	-16.8%	-23.8%	-3.3%
32%	32%	31%	29%	30%	31%	31%	-45.3%	-63.4%	-2.7%
61%	61%	60%	56%	51%	53%	52%		-27.0%	-2.8%
63%	63%	63%	64%	61%	60%	59%	-9.1%	-11.9%	-1.6%
59%	59%	57%	58%	60%	57%	57%	-0.5%	-5.7%	-1.3%
23%	23%	23%	21%	21%	20%	20%	-10.0%	-20.5%	-2.7%
48%	48%	47%	44%	43%	42%	41%		-54.8%	-2.7%
59%	61%	62%	64%	64%	63%	62%	10.0%	11.8%	-1.7%
49%	50%	52%	53%	53%	53%	53%	12.4%	16.6%	-1.2%
37%	37%	37%	34%	34%	35%	34%	40.7%	9.2%	-1.2%
53%	53%	53%	49%	49%	50%	49%		4.2%	-1.2%
57%	57%	57%	56%	57%	57%	57%	0.3%	5.0%	-0.8%
48%	48%	48%	47%	48%	49%	48%	-11.7%	-11.4%	-0.4%

TABLE 5.1: 2003 WELFARE INCOME AS

	1986	1989	1990	1991	1992	1993	1994	1995	1996
ONTARIO									
Single Employable	43%	47%	52%	54%	55%	55%	55%	51%	42%
Person with a Disability		68%	72%	75%	76%	76%	76%	74%	73%
Single Parent, One Child	64%	68%	76%	79%	80%	80%	80%	75%	63%
Couple, Two Children	58%	61%	70%	72%	73%	73%	72%	67%	57%
MANITOBA									
Single Employable	43%	40%	46%	46%	47%	47%	44%	42%	39%
Person with a Disability		43%	49%	49%	59%	53%	53%	52%	51%
Single Parent, One Child	56%	50%	54%	55%	60%	54%	54%	53%	52%
Couple, Two Children	60%	60%	65%	67%	68%	63%	64%	62%	56%
SASKATCHEWAN									
Single Employable	41%	42%	41%	41%	42%	44%	44%	43%	42%
Person with a Disability		67%	65%	65%	63%	63%	63%	61%	62%
Single Parent, One Child	70%	69%	68%	68%	66%	66%	66%	64%	63%
Couple, Two Children	70%	68%	66%	65%	65%	65%	65%	63%	62%
ALBERTA									
Single Employable	51%	36%	35%	39%	38%	36%	32%	31%	31%
Person with a Disability		44%	43%	60%	45%	44%	44%	43%	42%
Single Parent, One Child	61%	55%	53%	57%	57%	54%	52%	50%	50%
Couple, Two Children	66%	58%	56%	62%	61%	59%	56%	55%	55%
BRITISH COLUMBIA									
Single Employable	37%	41%	42%	40%	43%	43%	44%	43%	39%
Person with a Disability		56%	58%	58%	60%	60%	61%	61%	60%
Single Parent, One Child	55%	60%	61%	62%	64%	64%	65%	64%	63%
Couple, Two Children	54%	53%	54%	54%	56%	57%	57%	57%	56%

PERCENTAGE OF THE POVERTY LINE

1997	1998	1999	2000	2001	2002	2003	% Change 1986-2003	% Change 1989-2003	% Change 2002-2003
42%	41%	41%	37%	36%	35%	35%	-25.3%	-36.1%	-2.7%
72%	71%	70%	64%	62%	61%	59%		-14.4%	-2.8%
62%	61%	60%	60%	59%	58%	56%	-13.5%	-20.9%	-2.5%
56%	55%	55%	53%	52%	51%	50%	-16.4%	-23.0%	-2.4%
34%	34%	33%	30%	29%	29%	28%	-52.8%	-42.2%	-2.7%
50%	50%	49%	45%	44%	43%	42%		-1.9%	-2.8%
51%	51%	50%	51%	52%	53%	52%	-6.2%	4.4%	-1.6%
52%	51%	50%	50%	50%	50%	51%	-17.7%	-18.2%	1.6%
38%	38%	39%	37%	37%	36%	36%	-13.0%	-15.9%	-0.5%
56%	56%	57%	54%	54%	53%	52%		-28.8%	-1.0%
62%	58%	59%	61%	61%	60%	59%	-18.6%	-17.8%	-2.8%
58%	58%	60%	60%	60%	59%	58%	-20.4%	-17.5%	-1.9%
30%	30%	30%	27%	27%	26%	25%	-101.0%	-41.4%	-2.7%
42%	42%	42%	41%	40%	39%	39%		-12.5%	-0.9%
49%	50%	50%	50%	49%	48%	48%	-27.7%	-14.4%	-0.5%
54%	54%	54%	53%	52%	51%	50%	-31.1%	-15.9%	-1.6%
39%	38%	38%	35%	34%	34%	33%	-12.3%	-25.9%	-3.1%
59%	58%	57%	53%	52%	51%	50%		-13.0%	-2.5%
62%	61%	60%	60%	60%	57%	55%	0.1%	-8.6%	-3.1%
55%	54%	54%	52%	52%	50%	49%	-12.0%	-9.2%	-3.6%

The adequacy of welfare incomes deteriorated in almost every case in the period from 1986 to 2003. Within regions, there is some variation in the pattern of welfare incomes over time as percentage of the poverty line. Among the five eastern provinces shown in Figure 5.1, the most consistently low incomes for single employable people were in New Brunswick. In 1986, the New Brunswick income for a single employable person was only 22 percent of the poverty line, and this has barely fluctuated since this time. By 2003, the New Brunswick income was 20 percent of the poverty line. The Newfoundland and Labrador shows a different trend due to changes in the government policy as explained earlier in this chapter. The single employable person had an income of 33 percent of the poverty line in 1986, which dropped to nine percent from 1997 to 1999. By 2002 and 2003, a single employable person renting accommodation in Newfoundland received welfare of 45 and 44 percent of the poverty line.

The least inadequate welfare income in Canada for a single employable person was 66 percent of the poverty line in Prince Edward Island in 1989. By 2003, this rate had deteriorated to 36 percent of the poverty line, the worst income Prince Edward Island had ever provided to single employable people who were down on their luck.

In the five western provinces shown in Figure 5.2 there were also significant changes in the value of welfare incomes for single employable people. The value of Manitoba's welfare dropped from 43 percent in 1986 to only 28 percent by 2003. In Saskatchewan, the value of welfare dropped from 41 percent of the poverty line to 36 percent in 2003. In British Columbia, welfare was only 37 percent of the poverty line in 1986. It climbed to 44 percent by 1994 and dropped to only 33 percent by 2003.

The most striking changes were in Alberta and in Ontario. In Alberta, the value of welfare dropped from 51 percent of the poverty line in 1986 to an all-time low of 25 percent by 2003. In Ontario, the value of welfare for a single employable person was only 43 percent of the poverty line in 1986, but rose to 55 percent between 1992 and 1994. By 2003, the single person on welfare in Ontario subsisted on only 35 percent of the poverty line.

Welfare incomes for people with disabilities have consistently declined in value since the National Council of Welfare has been tracking the situation. Welfare rates for people with disabilities are consistently better than those for people considered employable, but still very low. While this group of welfare recipients was often spared the direct cuts to welfare, their incomes were not spared from the erosion of inflation and freezes to increases in benefits.

Figure 5.3 shows the slow and steady decline in the value of welfare in Newfoundland and Labrador from 64 percent of the poverty line in 1989 to 53 percent by 2003. In Prince Edward Island, a single person with a disability had an income which equaled 77 percent of the poverty line in 1989 – the highest in the country at the time. By 2003, it was only 48 percent. In Nova Scotia, the income was 66 percent of the poverty line in 1989 and it declined in value slowly until it was 52 percent of the poverty line in 2003. A disabled person in Quebec had an income that was only 47 percent of the poverty line in 1989. That income increased in value to 54 percent in 1994, then declined to 49 percent by 2003. New Brunswick's welfare for a single

disabled person was 63 percent of the poverty line in 1989, then dropped significantly in 1995 to 48 percent of the poverty line and has declined since to only 41 percent of the poverty line.

Figure 5.4 shows the adequacy of welfare for single disabled people in the western provinces and Ontario. The value of welfare for a single disabled person in Ontario rose in value from 68 percent in 1989 to 76 percent from 1992 to 1994. Although disabled people were spared the drastic cuts Ontario imposed on all other people on welfare in 1995, their incomes deteriorated slowly, reaching 59 percent of the poverty line by 2003. Manitoba's welfare for a single disabled person was only 43 percent of the poverty line in 1989 and then rose slowly to reach 59 percent of the poverty line by 1992. It has since deteriorated and was equal to 42 percent of the poverty line in 2003. Saskatchewan's income was 67 percent of the poverty line in 1989, but has deteriorated steadily throughout this period to 52 percent of the poverty line in 2003.

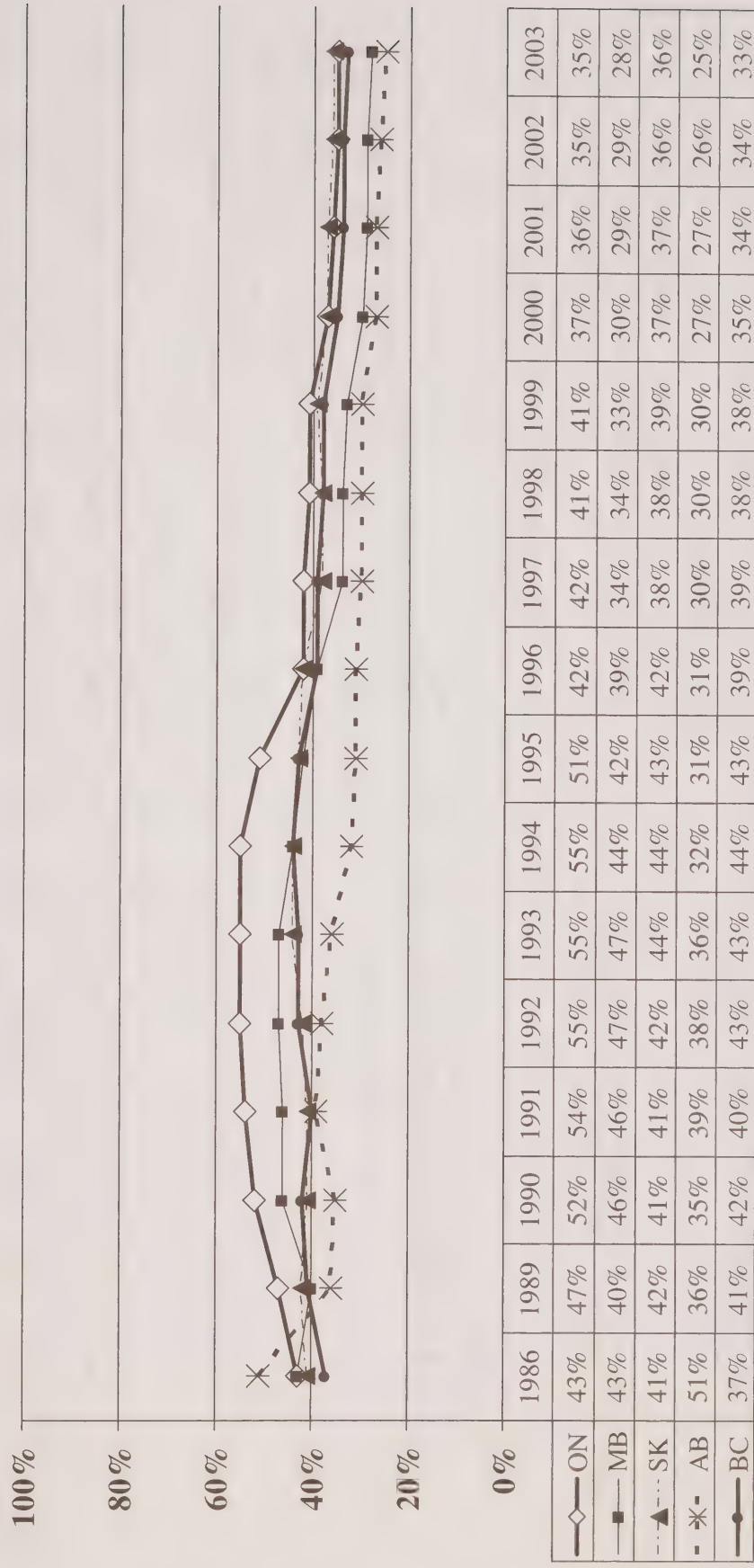
Alberta gave assistance which amounted to only 44 percent of the poverty line in 1989. The amount rose to 60 percent of the line in 1991 and has deteriorated since then to 39 percent. It should be noted that most people with severe and permanent disabilities in Alberta qualified for the Assured Income for the Severely Handicapped program which provided a higher rate.

In British Columbia, a single disabled person had an income equal to only 56 percent of the poverty line in 1989, rising to 61 percent of the poverty line in 1994 and 1995 and declining to 50 percent of the poverty line in 2003.

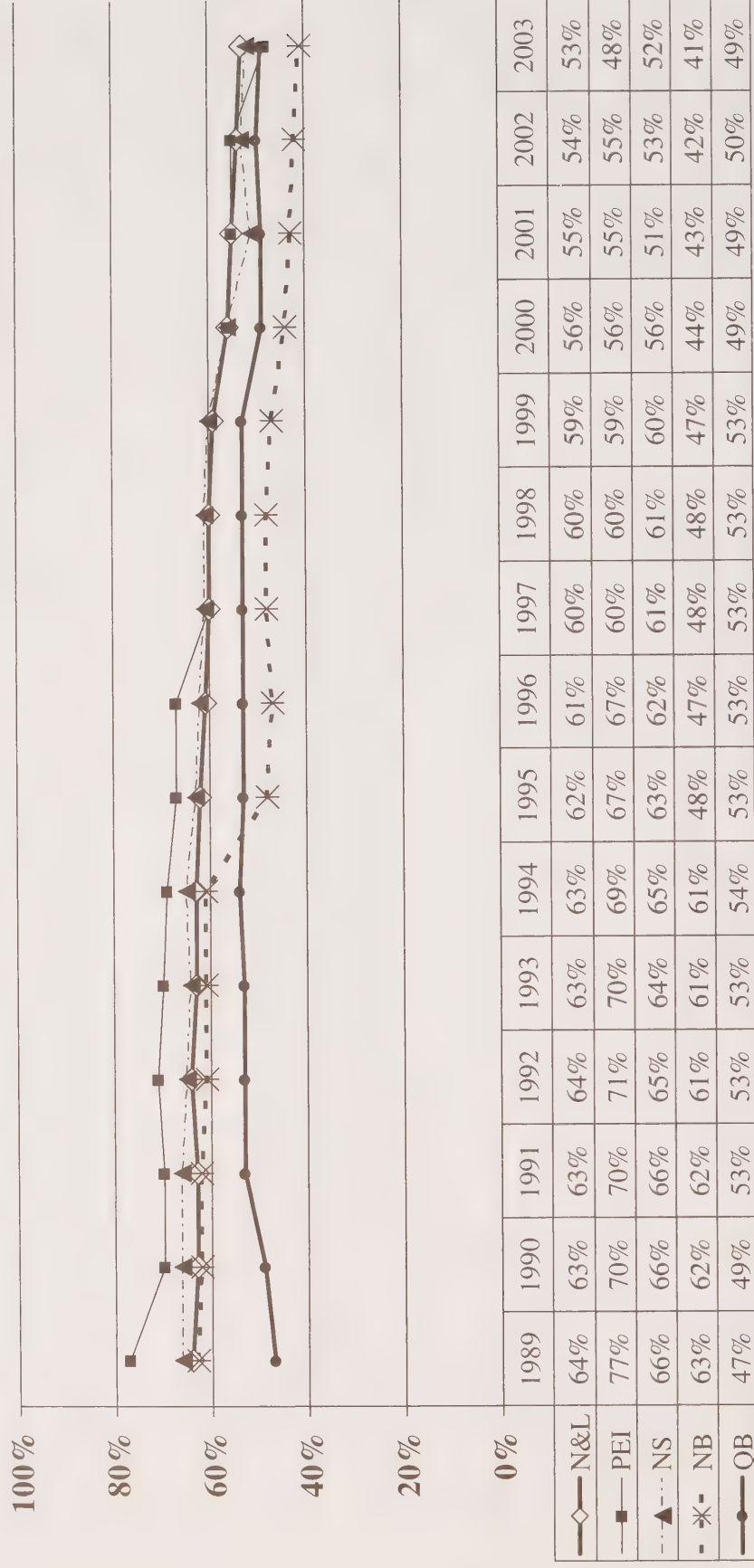
**Figure 5.1: Welfare Incomes over Time as % of Poverty Line,
Single Employable People**



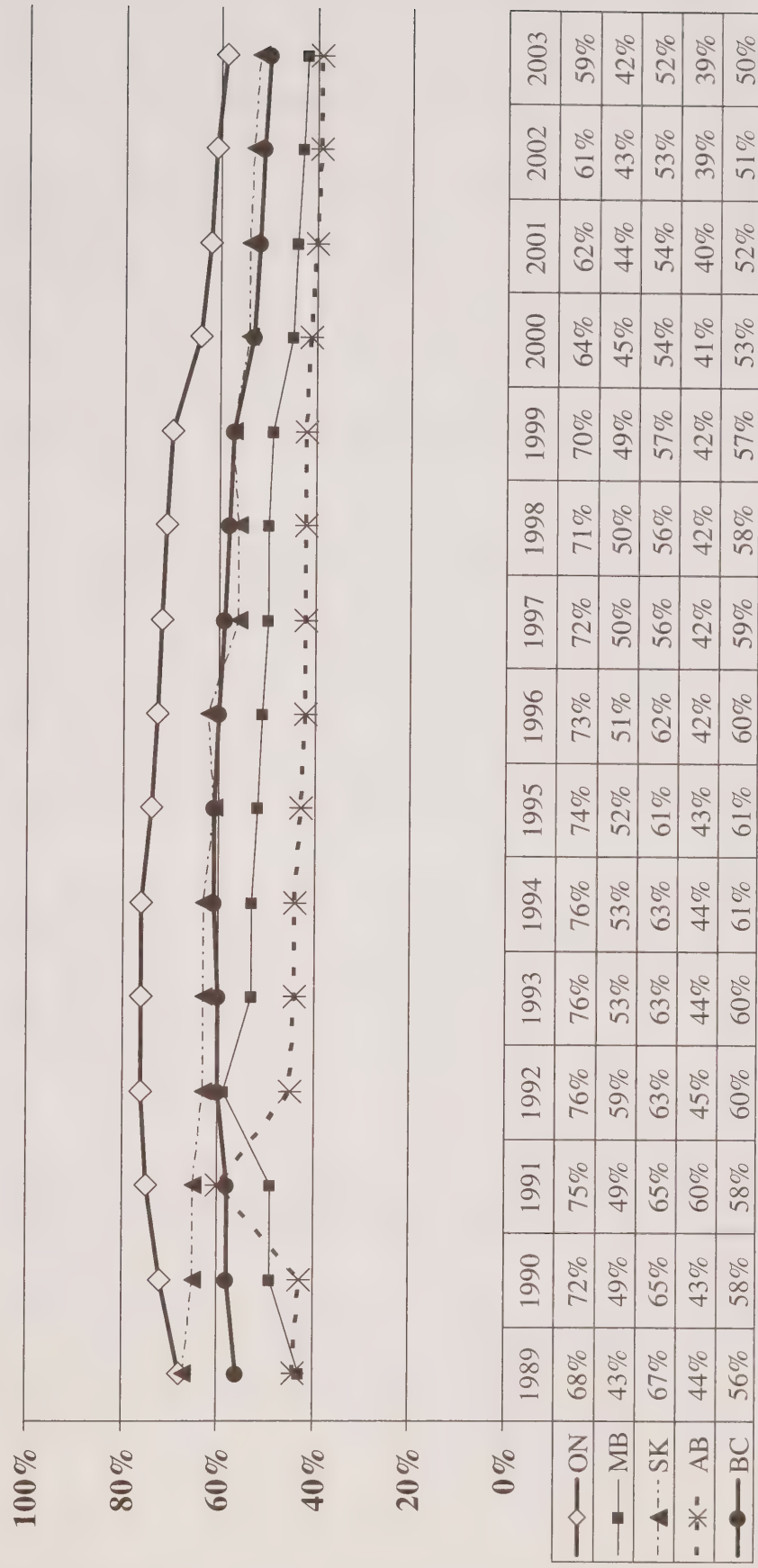
**Figure 5.2: Welfare Incomes over Time as % of Poverty Line,
Single Employable People**



**Figure 5.3: Welfare Incomes over Time as % of Poverty Line,
Person with a Disability**



**Figure 5.4: Welfare Incomes over Time as % of Poverty Line,
Person with a Disability**



VI. EARNINGS EXEMPTIONS

The figures in the tables in this report do not take into account the fact that welfare incomes may be higher if recipients have additional earnings. All provinces and territories except British Columbia allow welfare recipients to retain a certain amount of earned income – a flat-rate sum, a percentage of earnings or a combination of both – without any reduction in their welfare cheques. The National Council of Welfare did not include these extra amounts in the tables in this report because it is not certain that recipients could actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Table 6.1 shows the allowable earnings exemptions for January 1, 2003, in each province and territory. Any changes to the earnings exemptions made after January 1, 2003, will be reflected in future editions of this report.

The exemptions vary by family size and sometimes by employability. All provinces and territories recognize work-related expenses, including child-care expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs when declaring their earnings for welfare purposes. In effect, that means that the actual earnings exemptions in some provinces and territories may be more generous than they appear at first glance. Earnings exemptions also provide a greater incentive for people to take paying jobs.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. These exemptions encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

Sensible earnings exemption policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy. Cutting benefits or earnings exemptions is not.

During 2002, there were both cuts and improvements in provincial and territorial earnings exemptions.

British Columbia completely eliminated all earnings exemptions for employable single people and employable families on welfare as of April 1, 2002. The government said it wanted to encourage people to get paying jobs, but at the same time made it all but impossible for people to work their way off welfare.

Having no earnings exemptions is tantamount to levying a tax of 100 percent – every single dollar from the first dollar earned leads to a dollar deducted from a person's welfare cheque. No sensible person would support an income tax of 100 percent on rich people, so why would anyone support a "taxback" of 100 percent on welfare incomes?

In July 2002, Nunavut increased the flat-rate monthly earnings exemption by \$50 for singles and \$100 for families. Yukon increased the flat-rate monthly earnings exemption by \$50 for all family types. Effective August 2002, Alberta doubled the flat-rate monthly earnings exemption for single parents.

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2003

	Unemployable	Employable
NEWFOUNDLAND AND LABRADOR ¹	Disabled adult: up to \$95 Family with disabled member(s): up to \$190	Unemployed adult: up to \$75 Family of two or more (no disabled members): up to \$150
PRINCE EDWARD ISLAND ²	\$50 for a single adult or \$100 for a family plus 10% of the balance of net wages for both households	
NOVA SCOTIA ³	Recipients in training programs: \$150 of training allowance Recipients with full-time or part-time employment: 30% of net earnings	
NEW BRUNSWICK	Single adult: \$150 to \$200 ⁴ Family: \$200 to \$250 ⁴	
	<p>Welfare recipients were eligible for the Extended Wage Exemption when their earnings were high enough that the application of the extended wage exemption was to their benefit and where the employment seemed likely to lead to self-sufficiency (that is, was not temporary or seasonal). The Extended Wage Exemption lasted for 12 months only. Recipients' exemptions then reverted to the established exemption minimum.</p> <p>Single person and couple without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of \$150 or \$200 a month.</p> <p>Family with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of \$200 a month.</p>	

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2003

	Unemployable	Employable
QUEBEC	Adult with severe limitation to work: \$100 Adult with temporary limitation to work: \$200	Single adult: \$200 Single parent: \$200 Two-parent family: \$300
ONTARIO	Disabled single adult: \$160 + 25% of remainder of earnings + disability related expenses for a maximum of \$140 Disabled adult with family: \$235 + 25% of remainder of earnings + disability related expenses for a maximum of \$140 + child care ⁵	Single adult: first \$143 + variable exemption ⁶ Single parent, one child: first \$275 + variable exemption + child care ⁷ Couple, two children: first \$346 + variable exemption + child care
MANITOBA ⁸	Adult with or without spouse, in disability category: \$100 a month for each earner + 30% of net monthly earnings over \$100 for each working family member after the first month. Single disabled parent: \$115 a month + 30% of net earnings over \$115 after the first month.	Single adult, childless couple and two-parent family with children: \$100 a month for each earner + 25% of net earnings over \$100 after the first month. Single parent: \$115 a month + 25% of net earnings over \$115 after the first month.

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2003

	Unemployable	Employable
SASKATCHEWAN ⁹	<p>Single disabled adult: first \$100 of earned income + 20% of next \$375 (maximum exemption \$175)</p> <p>Two-adult family, no children: first \$125 of earned income + 20% of next \$625 (maximum exemption \$250)</p> <p>Family with children in which the adult is disabled: \$200. Earnings over \$125 are eligible for the Saskatchewan Employment Supplement.¹⁰</p>	<p>Single person: first \$25 of earned income + 20% of next \$375 (maximum exemption \$100)</p> <p>Two-adult family, no children: first \$50 of earned income + 20% of next \$625 (maximum exemption of \$175)</p> <p>Family with children: \$125. Earnings over \$125 are eligible for the Saskatchewan Employment Supplement.</p>
ALBERTA	<p>Single parents: first \$230 plus 25% of any amount over \$230¹¹.</p> <p>Each working adult in couples with children: \$115 plus 25% of any amount over \$115.</p> <p>Each child not attending school: first \$350 of earnings plus 25% of income over \$350</p> <p>For children attending school: 100% of earnings.</p> <p>Singles or couples with no children: first \$115 of combined net employment income a month + 25% over \$115.¹²</p>	

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2003

	Unemployable	Employable
BRITISH COLUMBIA ¹³	Persons with Persistent Multiple Barriers: \$300 after three months. Persons with Disabilities: \$300 after three months. ¹⁴	None.
YUKON	For first three months on welfare, \$100 for a single adult, \$150 for a family. In fourth month, an additional exemption of 25% of net income. People considered to be permanently excluded: \$25 for a single adult; \$50 for a married couple from sale of handicrafts or hobby materials.	
NORTHWEST TERRITORIES	\$200 (no dependants) \$400 (dependants)	
NUNAVUT ¹⁵	\$200 (no dependants) \$400 (dependants)	

Newfoundland and Labrador

¹ In October 1998, Newfoundland and Labrador increased the deduction from earnings for private child care or the parental contribution costs for licensed day care from \$200 a month to a maximum of \$325 a month for one child and an additional \$125 for each additional child if necessary for employment. Disabled adults or disabled members of a family must be people who require supportive services to qualify for the higher earnings exemption. In addition, the disabled member in a family could also include a disabled child if the child required supportive services.

Prince Edward Island

² As of April 2003, PEI increased earnings exemptions to \$75 for a single adult and \$125 for a family plus 10% of the balance of net wages for both households. This will be reflected in future editions of this report.

The earnings exemptions for welfare recipients also applied to applicants for welfare. A maximum of \$25 a week could be deducted from net income where applicants or beneficiaries had to travel to and from work.

Nova Scotia

³ Welfare recipients with jobs or training allowances were allowed actual transportation costs to a maximum of \$150, actual child care to a maximum of \$400 and other employment related costs. Earnings exemptions were then applied to wages or training allowances.

New Brunswick

⁴ Families and individuals who were expected to achieve self-reliance in a short period of time were eligible for higher exemption levels.

Ontario

⁵ Actual amount paid for licensed child care expenses, otherwise, a maximum of \$390 for children five years of age and under, \$346 for children between six and 12 years of age, or \$390 for children six or older who have special needs.

⁶ Ontario deducted a monthly flat rate amount from net earnings. This amount varied according to family size. After Ontario deducted the basic exemption, welfare recipients were allowed to keep an additional percentage of net earnings. The variable exemption decreased with the cumulative number of months the household declared earnings. For the first 12 months, the variable exemption was 25 percent; for 13 to 24 months, 15 percent; and after 24 months, no further exemption.

⁷ Actual amount paid for licensed child care expenses, otherwise, a maximum of \$390 for each child under 13.

Manitoba

⁸ When a recipient's gross monthly income from all sources (less child care expenses) represented 135 percent or more of the household's cost of basic necessities, the recipient was no longer eligible for welfare.

Saskatchewan

⁹ The earnings exemptions applied to fully employable individuals only after they were on welfare for at least the preceding three consecutive months. Recipients in the "disabled" or "not fully employable" categories were entitled to the earnings exemption from the time they receive income from employment.

¹⁰ The Saskatchewan Employment Supplement is a monthly payment for parents on welfare who worked for pay or received child or spousal support. The supplement was paid at a rate of 25 to 45 percent of income depending on the size of the family to a maximum of \$333 extra a month for a family with five or more children. In May 2001, a supplementary benefit for children under age 13 was introduced. This supplement ranged from an additional \$46.25 a month for one child under 13 to \$83.25 a month for five or more children under 13.

Alberta

¹¹ In August 2002, Alberta increased the flat-rate monthly earnings exemption for single parents from \$115 to \$230.

¹² Persons who qualified for the Assured Income for the Severely Handicapped program had higher earnings exemptions. Alberta exempted \$200 a month plus 25 percent of additional earnings for single people and \$775 monthly for families.

British Columbia

¹³ BC eliminated earnings exemptions for employable recipients as of April 1, 2002, but retained them for people with disabilities.

¹⁴ The exemption for people in the category Persons with Disabilities was raised to \$400 a month on April 1, 2003. This will be reflected in future editions of this report.

Nunavut

¹⁵ Nunavut increased exemptions on July 1, 2002.

CONCLUSION

Welfare Incomes 2003 is a report about dollars and cents, but it's also a report about governments turning their backs on the poorest of poor Canadians.

Governments are supposed to look after the best interests of *all* Canadians, but they always seem to find ways of excluding those Canadians who are forced to rely on welfare when all other means of support fail.

Everyone else in Canada, for example, is protected from increases in the cost of living because the tax brackets in the income-tax system and federal government benefits from the GST/HST Credit to the Old Age Security pension and Guaranteed Income Supplement increase every year in line with the Consumer Price Index. Provincial and territorial welfare benefits are typically frozen year after year and are even reduced from time to time.

Single employable people are frequently vilified by governments and are invariably forced to subsist on incomes far below Canada's unofficial poverty lines. For several years in the late 1990s, single employables in Newfoundland and Labrador had welfare incomes that were a mere nine percent of the poverty line. In 2002, British Columbia made it impossible for employable singles and families on welfare to supplement their meagre incomes with earnings by eliminating earnings exemptions completely and British Columbia was also the first in Canada to impose time limits on welfare.

People with disabilities on welfare have not fared much better. In 17th century England, they were labelled the "deserving poor" and were supposed to be treated better than the "undeserving poor" under the country's Poor Laws. In 21st century Canada, people with disabilities are all too commonly treated as undeserving by most provincial and territorial welfare systems and subjected to harsh treatment by welfare. In the Council's report *Income For Living?* which we released earlier this year, the Council found people on disabilities had to spend most of their income from welfare just to pay for the cost of an average-priced apartment in a major city. It is hard to imagine how decision makers can consider it fair to ask people with disabilities to live on just \$6,911 a year as they do in New Brunswick.

Families with children are the focus of much flowery government rhetoric, but most governments also go out of their way to deprive families with children who have the bad luck to be on welfare. The worst examples of this are the clawback mechanism in the National Child Benefit. The National Child Benefit started off as a good idea: the federal government would invest heavily in providing money to families with young children and very little money. When the program hit the ground in 1998, the federal government allowed the provincial and territorial governments to claw back the National Child Benefit Supplement. The original scheme for the two levels of government was for the federal government to spend billions of dollars more on child benefits and then see to it that not a single penny of the money from the Supplement ended up in the pockets of welfare families. Fortunately,

Newfoundland and Labrador and New Brunswick stood up against the plan at the very start, and more and more provinces have realized belatedly what a cruel and convoluted idea it was.

All in all, *Welfare Incomes 2003* is a sad report on the shameful behaviour of governments, governments of all political stripes from sea to sea to sea. The sad realities are that there are few signs of remorse in government circles about the worst features of welfare, few inklings of welfare reform in the best sense of the word and few harbingers of better days to come for welfare recipients.

APPENDIX A: ESTIMATED NUMBER OF PEOPLE

	March 31, 1995	March 31, 1996	March 31, 1997	March 31, 1998
NEWFOUNDLAND AND LABRADOR	71,300	72,000	71,900	64,600
PRINCE EDWARD ISLAND	12,400	11,700	11,100	10,900
NOVA SCOTIA	104,000	103,100	93,700	85,500
NEW BRUNSWICK	67,400	67,100	70,600	67,100
QUEBEC	802,200	813,200	793,300	725,700
ONTARIO	1,344,600	1,214,600	1,149,600	1,091,300
MANITOBA	85,200	85,800	79,100	72,700
SASKATCHEWAN	82,200	80,600	79,700	72,500
ALBERTA	113,200	105,600	89,800	77,000
BRITISH COLUMBIA	374,300	369,900	321,300	297,400
YUKON	2,100	1,700	2,000	2,100
NORTHWEST TERRITORIES	12,000	11,800	12,800	10,700
NUNAVUT				
CANADA	3,070,900	2,937,100	2,774,900	2,577,500

Source: Social Program Information and Analysis Division,

ON WELFARE BY PROVINCE AND TERRITORY

March 31, 1999	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	% Change 2002-2003
59,900	59,400	54,400	52,100	51,200	-1.7%
9,800	8,400	7,900	7,500	7,000	-6.7%
80,900	73,700	66,800	61,500	58,300	-5.2%
61,800	56,300	52,900	50,700	49,300	-2.8%
661,300	618,900	576,600	560,800	544,200	-3.0%
910,100	802,000	709,200	687,600	673,900	-2.0%
68,700	63,300	60,500	60,100	59,900	-0.3%
66,500	63,800	60,900	56,100	53,200	-5.2%
71,900	64,800	58,000	53,800	57,800	7.4%
275,200	262,400	252,900	241,200	180,700	-25.1%
1,700	1,400	1,300	1,000	1,100	10.0%
11,300	3,400	2,200	2,100	1,900	-9.5%
	7,300	7,300	8,100	7,100	-12.3%
2,279,100	2,085,100	1,910,900	1,842,600	1,745,600	-5.3%

Strategic Policy Directorate, Social Development Canada

APPENDIX B: POVERTY LINES, 2003
STATISTICS CANADA'S BEFORE-TAX LOW INCOME CUT-OFFS (1992 BASE) FOR 2003

Family Size	Community Size				Rural Areas
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	
1	\$19,795	\$16,979	\$16,862	\$15,690	\$13,680
2	\$24,745	\$21,224	\$21,077	\$19,612	\$17,100
3	\$30,774	\$26,396	\$26,213	\$24,390	\$21,268
4	\$37,253	\$31,952	\$31,731	\$29,526	\$25,744
5	\$41,642	\$35,718	\$35,469	\$33,004	\$28,778
6	\$46,031	\$39,483	\$39,208	\$36,482	\$31,813
7 +	\$50,421	\$43,249	\$42,947	\$39,960	\$34,847

**APPENDIX C: ANNUAL MAXIMUMS FOR THE NATIONAL CHILD BENEFIT,
1998-2003**

	July 1998	July 1999	July 2000	July 2001	July 2002	July 2003
Canada Child Tax Benefit	\$1,020	\$1,020	\$1,104	\$1,117	\$1,151	\$1,169
Canada Child Tax Benefit Threshold	\$25,921	\$25,921	\$30,004	\$32,000	\$32,960	\$33,487
Additional Payment for a Child Under 7	\$213	\$213	\$219	\$221	\$228	\$232
Supplement for the 1st Child in a Family	\$605	\$785	\$977	\$1,255	\$1,293	\$1,463
Supplement for the 2nd Child in a Family	\$405	\$585	\$771	\$1,055	\$1,087	\$1,254
National Child Benefit Supplement Threshold	\$20,921	\$20,921	\$21,214	\$21,744	\$22,397	\$21,529

This table shows the payments by the federal government to families with children since the National Child Benefit was introduced in July 1998. The National Child Benefit consists of two payments: the basic Canada Child Tax Benefit or CCTB and the National Child Benefit Supplement or NCBS. Families with children under seven get an additional payment. Each year, the rates increased on July 1 and were in effect until June 30 of the following year. The CCTB and NCBS are paid monthly by Ottawa in one cheque to each qualifying family.

The first row called Canada Child Tax Benefit shows the annual basic benefit. The second row called Canada Child Tax Benefit Threshold shows the highest net income a family could have and still be eligible for the full Canada Child Tax Benefit. Once a family's income exceeded this amount, the federal government reduced the basic benefit. The basic federal child tax benefit was completely phased out once the net income of a family with one or two children exceeded \$80,250. Families with three or more children did not receive the basic federal benefit after a net income of \$105,267. The third row shows the annual basic supplement paid for each child under seven.

The federal government paid a basic federal child tax benefit of \$1,169 for the period beginning July 1, 2003, for each child under age 18 if the family income was under \$33,487. The amounts were the same for all provinces and territories except Alberta which asked the

federal government to vary these amounts. The federal government also made an additional payment of \$232 for each child under age seven for the period beginning July 2002.

The fourth and fifth rows show the National Child Tax Benefit Supplement as of July 1 each year. For the first child in a family, the supplement was \$1,463 on July 1, 2003, and \$1,254 for the second child.

The final row called National Child Benefit Supplement Threshold shows the highest income a family could have and still get the full supplement. The column for July 2003 shows that the federal government provided all families with incomes under \$21,529 with the full National Child Benefit Supplement. Families with three or less children and a net family income between \$21,529 and \$33,000 received partial NCBS. Families with four or more children with a net family income just above \$37,000 still received some NCBS.

**APPENDIX D: MAXIMUM NATIONAL CHILD BENEFIT PAYMENTS BY
CALENDAR YEAR, 1997-2003**

January 1 to December 31	Single Parent with One Child Age 2	Couple with Two Children Ages 10 and 15
1997	\$1,233	\$2,040
1998	\$1,535	\$2,545
1999	\$1,928	\$3,230
2000	\$2,159	\$3,683
2001	\$2,447	\$4,250
2002	\$2,633	\$4,613
2003	\$2,768	\$4,869

This table shows the National Child Benefit payments from 1997 to 2003 for a single parent with a two year old and a couple with a ten and fifteen year old. Each row includes the total payments each family received between January 1 and December 31 each year. These calculations are based on six months of payments at the previous year's rate for January to June and six months of payments at the current year's rate for July to December.

The middle column shows the total annual payment to the single-parent family. The payment includes the Canada Child Tax Benefit and the additional payment for a child under seven combined with the National Child Benefit Supplement. In the last column, the annual amounts include the Canada Child Tax Benefit and the National Child Benefit Supplement payments for a couple with a ten and fifteen year old.

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The National Council of Welfare was established by the Government Organization Act, 1969, as a citizens' advisory body to the federal government. It advises the Minister of Social Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

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EXECUTIVE SUMMARY

Welfare Incomes 2004 is the latest annual update on welfare in each province and territory. It estimates welfare incomes for four types of households in 2004: a single employable person, a single person with a disability, a single-parent family with a 2-year-old child, and a two-parent family with two children aged 10 and 15. The National Council of Welfare has published similar estimates since 1986.

PROVINCIAL AND TERRITORIAL WELFARE BENEFITS

The value of most provincial and territorial welfare and related benefits continued to decline in 2004, adding further to the misery of the 1.7 million or so children, women and men who were forced to rely on welfare.

Between 2003 and 2004, there were only seven increases in provincial or territorial benefits among the 52 calculations done by the National Council of Welfare for the four household types in the 13 jurisdictions. The other 45 calculations all showed declines in benefits between 2003 and 2004.

The 2004 drops in support sent many provincial and territorial benefits down to their lowest levels since the 1980s after adjusting for inflation. Of the 52 calculations, 36 were lows for the period.

TOTAL WELFARE INCOMES AND POVERTY LINES

The report also compares total welfare incomes, including the federal government's National Child Benefit and the federal refundable credit for the Goods and Services Tax (GST) or the federal portion of the Harmonized Sales Tax (HST) in the four Atlantic provinces, with the poverty lines.

Total welfare incomes everywhere in Canada were well below the poverty lines once again in 2004. For single employable persons, incomes ranged from 19 percent of the poverty line in New Brunswick to 42 percent in Newfoundland and Labrador. Incomes of single persons with a disability ranged from 39 percent of the poverty line in Alberta to 59 percent of the poverty line in Ontario. The range for single parents was 48 percent in Alberta to 70 percent in Newfoundland and Labrador. The range for couples with children was 48 percent in British Columbia, followed by Quebec at 49 percent, to 65 percent of the poverty line in Prince Edward Island.

The comparisons between welfare incomes and the poverty line do not include the three territories, because they are not included in the Statistics Canada survey used to generate the low income cut-offs. However, the territories are included in a new appendix table comparing welfare incomes with median incomes, or incomes at the exact midpoint of the income spectrum.

WELFARE INCOMES AND AVERAGE INCOMES

Welfare incomes were way below average incomes in all ten provinces in 2004. The range for single employable persons was from a low of 15 percent of average income in New Brunswick to a high of 37 percent of average income in Newfoundland and Labrador. Single persons with a disability had incomes from 27 percent of the average in Alberta to 44 percent in Newfoundland and Labrador and Prince Edward Island. Single parents on welfare went from 26 percent of average income in Alberta to 52 percent in Newfoundland and Labrador. Two-parent families went from 19 percent in Ontario to 32 percent in Prince Edward Island.

WELFARE INCOMES AND CHILD BENEFITS

Welfare Incomes 2004 also includes details of the continuing “clawback” of the National Child Benefit Supplement (NCBS) from welfare families in Prince Edward Island, Ontario, Saskatchewan, British Columbia and the three territories.

The federal government has increased its spending on child benefits significantly since 1998, but the increases have been offset by freezes and cuts in provincial and territorial benefits, including the clawback of the NCBS.

Two-parent families with children on welfare in Nova Scotia, Ontario, Saskatchewan, Alberta, British Columbia, and the three territories wound up with lower total incomes in 2004 than they had in 1999, the first full year of the National Child Benefit.

Single parents wound up with lower total welfare incomes with only two exceptions. The single-parent family in Prince Edward Island gained \$380 between 1999 and 2004, and the single parent in Manitoba gained \$325.

Despite all the glowing government rhetoric about the National Child Benefit and a very real increase in federal funding, the fact remains that many families on welfare were worse off in 2004 than they were five years earlier. This is a big step backwards in the fight against child poverty.

Both the clawback and the current funding arrangements for welfare are blatant and long-standing examples of bad social policy, and bad social policy almost inevitably produces bad results.

I. WHAT IS WELFARE?

Social assistance or welfare is the income program of last resort in Canada. It provides money to individuals and families whose resources are inadequate to meet their needs and who have exhausted other avenues of support.

From 1966 to 1996, welfare fell under the terms of the Canada Assistance Plan (CAP), an arrangement that allowed the federal government to share the actual cost of welfare and selected social services with provinces and territories. The norm was 50-50 cost-sharing between the two levels of government.

The federal government scrapped CAP in 1996 and replaced it with the Canada Health and Social Transfer (CHST), a system of "block funding" that covered medicare and post-secondary education as well as welfare and social services. Federal payments under block funding are determined by a mathematical formula rather than actual spending by provincial and territorial governments. As of April 1, 2004, the CHST was split into one block fund for health and another block fund called the Canada Social Transfer for the other three programs.

Funding for welfare was further complicated with the introduction of the National Child Benefit in 1998. The benefit consists of the basic Canada Child Tax Benefit (CCTB) and the National Child Benefit Supplement (NCBS). Some provinces and territories consider the NCBS part of the welfare payment for families with children and have reduced their own payments to families on welfare accordingly.

Although people talk about welfare as a single entity, there are really 14 welfare systems in Canada: one system in each province and territory and yet another system for Aboriginal people who live on-reserve. Despite the fact that each is different, they have many common features. They all have complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts of other income recipients are allowed to keep, and the way in which applicants and recipients may question decisions regarding their cases.

The federal Department of Indian and Northern Affairs pays the entire cost of welfare and social services for Aboriginal people who live on-reserve, but the terms and conditions for receiving welfare and the amounts paid are determined by the province or territory where the reserve is located.

Provincial and territorial governments provide welfare to Aboriginal people living off reserve. There is no direct federal cost-sharing of these expenses. Federal support is provided through the Canada Social Transfer and other unconditional transfers.

These transfers are intended to cover social assistance (as well as other programs and services) but are not earmarked for these purposes and do not increase in line with provincial and territorial government spending.

This report deals only with the provincial and territorial welfare systems.

ELIGIBILITY

Eligibility for welfare is based on administrative rules that vary throughout the country. In general, applicants must be of a certain age, usually between 18 and 65. Full-time students of post-secondary educational institutions qualify for assistance in some provinces and territories only if they meet stringent conditions. In other provinces and territories, students cannot apply for assistance without leaving their studies. Parents must try to secure any court-ordered maintenance support to which they are entitled. People with a disability require medical certification of their conditions. Strikers are not eligible in most jurisdictions. Immigrants must try to obtain financial assistance from their sponsors.

Once applicants meet the administrative conditions, they go through a needs test. The welfare department compares the budgetary needs of an applicant and any dependants with the income and assets of the household. Budgetary needs – covering items such as food, shelter, clothing, household expenses, transportation and personal grooming items – are set by government regulation and may or may not reflect the actual cost of items in the marketplace. Welfare rights organizations and social planning councils across Canada have long complained that the actual costs of living are far higher than the amounts deemed by provinces and territories to be budgetary needs.

First, the needs test examines applicants' fixed and liquid assets. In most provinces and territories, fixed assets such as a principal residence, furniture and clothing are considered exempt. Most provinces and territories also exempt the value of a car, although some jurisdictions take into consideration factors such as the need for a private vehicle and the availability of public transportation. Property and equipment required for employment are generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into liquid assets and to use any non-exempt liquid assets for their ongoing needs before qualifying for welfare.

The limits on liquid assets – that is, cash, bonds and securities that are readily convertible to cash – appear in Table 1.1. The amounts vary by household size and employability. Where a household's liquid assets are higher than the amounts in Table 1.1, that household is not entitled to welfare until the excess is spent on approved needs. The amounts shown in Table 1.1 are the liquid asset exemption levels that were in effect in January 2004.

After welfare departments examine the fixed and liquid assets of welfare applicants, they identify all the sources of income for that household. Welfare departments generally consider that income from other sources such as employment, pensions and Employment Insurance is fully available for support of the household. Some types of income, such as the basic Canada Child Tax Benefit, but not the supplement, and the federal GST credit, are normally considered exempt in the determination of eligibility for welfare.

Finally, welfare departments subtract all non-exempt income from the total needs of the household. Applicants qualify for welfare if their household's needs are greater than the household's resources or if there is a budget surplus that is insufficient to meet the cost of a special need such as medications or disability-related equipment.

The needs test was the central eligibility criterion under the Canada Assistance Plan. Provinces and territories were required to use a needs test for welfare in order to qualify for federal cost-sharing, and they were also required to provide welfare to all their residents who were able to pass a needs test. The Canada Health and Social Transfer dropped the needs test as a requirement for federal funding.

To date, no province or territory has done away with the needs test outright, but British Columbia has legislation on the books that limits welfare entitlements for certain categories of recipients to two years out of every five.¹ Time limits on welfare were not allowed under the Canada Assistance Plan.

All in all, qualifying for welfare is a complicated and cumbersome process. A 2004 report to the Ontario Minister of Community and Social Services said some 800 rules and regulations had to be applied to determine if people in Ontario are eligible for welfare and how much welfare they should get each month:

Many of those rules are punitive and designed not to support people, but rather to keep them out of the system. Because there are so many rules, they are expensive to administer and often applied inconsistently from one caseworker to another, even within the same office. Further, the rules are so complicated that they are virtually impossible to communicate to clients, and it takes years to train a caseworker.²

Welfare systems in other jurisdictions may not all be so extreme, but all of them have extensive welfare manuals that contain a host of rules and regulations.

There were very few changes in liquid asset exemption levels between February 2003 and February 2004, as shown in Table 1.1 and the footnotes on the pages that follow.

All of the liquid asset exemption levels are modest at best. That follows from the nature of welfare as the social safety net of last resort. The rationale is that people should exhaust other sources of income, including personal savings, before they qualify for welfare.

¹“*Time Limits Update*”, Feb. 6, 2004, on the British Columbia Ministry of Human Resources web site. Initially, it was thought that some 29,000 welfare recipients might be affected by the two-year time limit, but the B.C. government expanded the list of exemptions in February 2004. That lowered the likely impact to 339 welfare recipients between April 1, 2004 and March 31, 2005.

² Report to the Honourable Sandra Pupatello, Minister of Community and Social Services, *Review of Employment Assistance Programs in Ontario Works and Ontario Disability Support Program*, by Deb Matthews, M.P.P., Parliamentary Assistant to the Minister, December 2004, page 25.
<http://www.mcscs.gov.on.ca/NR/MCFCS/OW/Report/EmploymentAssistanceProgram.pdf>

On the other hand, some of the exemption levels in Table 1.1 are downright miserly and pose an unfair burden on welfare recipients. Manitoba, for example, allows no liquid assets at all at the time employable people first go on welfare and very modest exemptions afterward.

No liquid assets means a person has no savings to meet even a small unexpected expense or emergency. Allowing modest exemptions after enrolment sounds more reasonable, but it is unclear how anyone living on a welfare income could save \$400 or \$1,600 from their meagre monthly cheques.

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2004

	Unemployable			Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family
NEWFOUNDLAND AND LABRADOR	\$500	\$1,500	\$3,000 ¹	\$500	\$1,500
PRINCE EDWARD ISLAND	N/A ²	\$1,200	\$900	\$50 to \$200 ³	\$50 to \$2,400 ⁴
NOVA SCOTIA	\$500	\$1,000	\$500	Province generally requires applicants to exhaust liquid assets to meet basic needs.	
NEW BRUNSWICK	\$1,000	\$2,000	\$3,000	\$1,000	\$2,000
QUEBEC ⁵	\$2,500	\$2,845 ⁶	\$2,500	\$1,500	\$2,943 ⁷
ONTARIO ⁸	N/A	\$5,500	\$5,000	\$520	Adult, one child: \$1,457 Couple: \$901 Couple, one child: \$1,530 Each additional dependant child: \$500
MANITOBA	N/A ⁹	\$2,000	\$2,000	\$0 at enrolment \$400 after enrollment ¹⁰	\$0 at enrolment Couple, two children: \$1,600 after enrolment

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2004

	Unemployable				Employable	
	Single Person	Single Parent, One Child	Single Person with Disability	Single Person	Family	
SASKATCHEWAN	\$1,500	\$3,000	\$1,500	\$1,500	Adult, one child: \$3,000 Couple, two children: \$4,000 Each additional dependant child: \$500	
ALBERTA	\$1,500	\$2,500	\$1,500 ¹¹	\$50 cash plus the equivalent of \$1,450 in cash assets	\$250 cash plus the equivalent of \$2,250 in cash assets	
BRITISH COLUMBIA	\$1,500	\$2,500	\$3,000 ¹²	\$1,500 ¹³	\$2,500 ¹⁴	
YUKON ¹⁵	\$1,500	\$2,500	\$1,500	\$500	Couple, two children: \$1,600	
NORTHWEST TERRITORIES	The director may determine that some assets should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.					
NUNAVUT	The director may determine that some assets – such as those used in traditional activities – should not be converted into cash for social or economic reasons and that they are therefore not considered as a personal resource.					

Newfoundland and Labrador

¹ To qualify for a liquid asset exemption of \$3,000 for a single disabled person or \$5,500 for a family with a disabled person, the disabled person or at least one person in the family unit case must require supportive services to aid independent living.

Prince Edward Island

² Single applicants were not considered unemployable unless they were disabled.

³ The liquid asset exemption for anyone on short term assistance was \$50. Unless a single person applying for assistance was clearly only in need of one or two months' help, the long term exemptions of \$200 were applied at intake.

⁴ Unless persons with dependants applying for assistance were in need of one or two months' help, the long term exemptions of \$1,200 per couple and \$300 for each child up to \$2,400 were applied.

Quebec

⁵ Single persons and families had to divest themselves of some liquid assets to qualify for welfare, if their assets were above an amount set according to family size. At enrolment, total assets excluded monthly payments intended for rent, heating and utilities costs if not already paid out.

⁶ The exemption level for the single parent was \$2,500 plus \$345 for one child for a total of \$2,845. If the single parent had severe limitations to working, the level was \$5,000 plus \$345 for the child for a total of \$5,345.

⁷ The exemption level for an employable couple was \$2,500 plus \$443 for two children, which totals \$2,943. The exemption level for an employable couple with only one child was \$2,500 plus \$230 for a total of \$2,730.

Ontario

⁸ The "unemployable" category was the Ontario Disability Support Program; the "employable" category was Ontario Works. The Ontario Disability Support Program allowed assets to increase beyond the prescribed limits provided the funds were intended for the purchase of an approved disability-related item or service, or an item or service necessary for the health of a member of the welfare recipient's family. The asset exemption level for a couple under the Ontario Disability Support Program was \$7,500.

Manitoba

⁹ Single applicants were not considered unemployable unless they were disabled.

¹⁰ Employable single persons and families had to divest themselves of all liquid assets to qualify for welfare. After enrollment, the liquid asset exemptions were \$400 for a single person and \$1,600 for a couple with two children.

Alberta

¹¹ This rate refers to people who received welfare under the Supports for Independence program which was in effect until April 30, 2004. Asset limits changed effective May 1, 2004. For Expected to Work households, the combined liquid assets of the adult members of the household cannot exceed one month's total core benefits. For Not Expected to Work households, the combined liquid assets cannot exceed two months total core benefits. Alberta granted an exemption of up to \$3,000 for individuals without dependants and \$5,000 plus \$500 per dependant for families if a person was severely and permanently disabled and had high needs because of the costs of personal support services. Most people with severe disabilities received benefits under the Assured Income for the Severely Handicapped (AISH) program. AISH has an asset limit of \$100,000 not including a primary residence, personal belongings, a vehicle or a specially adapted vehicle.

British Columbia

¹² BC allowed people with disabilities on welfare to keep up to \$100,000 in total assets in trust if the assets were used for disability-related costs. If income taken out of the trust was not used for disability-related costs, BC treated it as non-exempt income.

¹³ In the first month of welfare, BC subtracted cash assets exceeding \$150 from the welfare payment.

¹⁴ In the first month of welfare, BC subtracted cash assets exceeding \$250 from the welfare payment.

Yukon

¹⁵ The exemption level for employables applies to people on assistance for less than 90 days. Higher levels are permitted for those on assistance for more than 90 days.

RATES OF ASSISTANCE

Every province and territory uses a different method of calculating basic welfare, which generally includes food, clothing, shelter, utilities, and an allowance for personal and household needs.

Table 1.2 presents a cross-Canada summary of estimated welfare incomes for 2004. The incomes shown are for the basic needs of four household types: a single employable person, a single person with a disability, a single-parent family with a 2-year-old child, and a two-parent family with two children aged 10 and 15. When we calculated the welfare incomes, we assumed that each of the households went on welfare on January 1, 2004, and remained on welfare for the entire calendar year.

The figures in the table must be interpreted with caution. They are *estimates*. Welfare is a highly individualized program of income support, so every applicant could be eligible for a different amount of financial assistance because of the circumstances in his or her household. In addition, our calculations only consider cash income, since it is impossible for us to take into account the value of the services provided by a province or territory.

It is especially important to understand the meaning of the social assistance figures in the first column. These figures are both maximum and minimum amounts. They are *maximum* amounts in that they represent the highest level of welfare that a designated province or territory will provide to a given household unit for its basic living needs. These rates can be reduced for a number of reasons. For example, legislation in all jurisdictions allows welfare authorities to reduce, cancel or suspend benefits if an employable recipient refuses a reasonable job offer, or quits a job without just cause. These figures are also *minimum* amounts in that they do not generally include special-needs assistance to which a given household may be entitled, such as costs related to a disability or the cost of searching for a job.

BASIC SOCIAL ASSISTANCE

The column called Basic Social Assistance in Table 1.2 shows the basic welfare that eligible households are entitled to have. Some of the welfare assistance earmarked for any children in a family appears in this column, but some is included in the amounts in columns 3 and 4, federal, provincial and territorial child benefits. The figures in the basic social assistance column also reflect the reduction in assistance caused by the clawback of the National Child Benefit Supplement (NCBS) that began in July 1998 in the jurisdictions that clawed back.

To ensure to the greatest extent possible the comparability of the data, we made a number of assumptions in calculating basic assistance. These assumptions concerning recipient households include where people lived, the ages of the children, the employability of the household head, the type of housing, case history and special assistance.

A. RESIDENCE

The welfare rates shown for each province or territory are for the largest municipal area. This is because shelter allowances vary by region in some jurisdictions and are the same everywhere in other jurisdictions. Some provinces and territories offer supplements to compensate welfare households living in remote areas for higher living costs.

B. AGES OF CHILDREN

Welfare rates for families with children in this report are based on the assumption that the child in the one-parent family is 2 years old and the children in the two-parent family are 10 and 15 years old. Some provinces and territories vary a family's entitlement with the age of each child in the household.

C. EMPLOYABILITY OF THE HOUSEHOLD HEAD

In Table 1.2, we assigned short-term rates of assistance – which are generally lower than long-term rates – to single employable individuals and couples with children in all jurisdictions. The rates for single parents are based on the employability classifications in each province and territory.

In all jurisdictions, we have based our calculations on the assumption that the person with a disability received welfare, not payments from special, long-term disability programs.

In most jurisdictions, a single parent with a 2-year-old child would be considered unemployable or temporarily unavailable for work, but there are some notable exceptions. Alberta considers a single parent with a child six months old capable of pursuing an employment plan. Nova Scotia and Prince Edward Island consider a single parent available for work when the youngest child reaches the age of one. Saskatchewan has no fixed minimum age for pushing single parents towards work, but says parenting responsibilities are a factor in determining employability.

D. TYPE OF HOUSING

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that they did not share their accommodation. Most provinces and the three territories reduce welfare entitlements when recipient households live in subsidized housing or share their housing. For example, as of January 1, 2005, in Quebec, if an adult recipient lives with his or her mother or father who is not an employment-assistance recipient, the latter is deemed able to provide financial support to the adult recipient and the adult's basic benefit will be reduced by \$100 per month, or by \$50 per month if the adult is the spouse of a student. However, the new measure does not apply in some specific situations.

Where shelter allowances do not include the cost of utilities, we added the cost of utilities to the shelter rates. We used maximum shelter rates in all jurisdictions. We excluded additional shelter amounts that are discretionary.

E. CASE HISTORY

In order to calculate the rates for the full year for this report, we assumed that these four typical households started receiving welfare on January 1, 2004, and remained on assistance until the last day of the calendar year.

We calculated basic social assistance month by month for each category of recipient in each province and territory, taking into account increases or decreases in rates as of their effective dates within each year. We also assumed that welfare households did not have any income from paid work during the time they were on assistance.

F. SPECIAL ASSISTANCE

Welfare departments provide two kinds of assistance for special needs. Some supplementary allowances are paid automatically to recipients in certain groups, such as people with disabilities or parents with school-age children. These are the amounts that appear in the second column in Table 1.2. Examples of this type of special assistance include extra assistance for people with disabilities, money for school expenses, winter clothing allowances and Christmas allowances.

Welfare departments also provide a second kind of assistance for one-time special needs, including items such as funeral expenses, moving costs or emergency home repairs. We have not included this type of special assistance in this report because the special needs are established on a case-by-case basis by individual welfare workers. In some cases, approval is required from an administrator, director or designated professional such as a doctor.

Applicants and recipients may be eligible for extra assistance in most provinces and territories if they have special needs such as medication, prosthetic devices, technical aids and equipment, special clothing or dental care. Welfare departments provide cash or in kind support in the form of vouchers, goods or services. We have incorporated special assistance in the second column of Table 1.2 only when welfare departments would automatically provide it to certain recipients. If the welfare recipient has to provide special reasons to qualify for this assistance, our figures exclude it.

NATIONAL CHILD BENEFIT

The third column of table 1.2 shows the money paid by the federal government under the National Child Benefit, which includes both the basic Canada Child Tax Benefit and the National Child Benefit Supplement.

The single parent with a 2-year-old in all jurisdictions except Alberta received \$2,911 during the calendar year 2004 and the couple with two older children received \$5,139. Alberta

asked the federal government to vary the payments according to the age of the children. The two welfare families in Alberta received \$2,811 and \$5,223 in 2004.

The federal government pays child benefits every month to all low-income families and many middle-income families with children under 18. The amounts increase every July 1. Details on the way benefits are calculated are contained in Appendix C and Appendix D at the end of this report.

PROVINCIAL AND TERRITORIAL CHILD BENEFITS

Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec, Saskatchewan, British Columbia and all three territories provide benefits for children in low-income families in addition to those provided by the federal government. Except for Quebec which administers its own benefits, all of the benefits are administered by the federal government on behalf of the provinces and territories and are paid monthly along with the National Child Benefit.

Because we assumed that welfare households did not have any income from paid work during the time they were on assistance, we did not consider any provincial or territorial program providing financial aid to a low-income earner such as the Ontario Child Care Supplement for Working Families or the Alberta Family Employment Tax Credit.

Provincial and territorial child benefits changed in Newfoundland and Labrador, Saskatchewan, British Columbia and Yukon on July 1, 2004 - the same day that federal child benefits increased. There were no changes in 2004 in Nova Scotia, New Brunswick, Quebec, Northwest Territories and Nunavut.

The Newfoundland and Labrador Child Benefit was \$18 a month for the first child and \$26 a month for the second child until July 1, 2004. After that, it was \$19.50 a month for the first child and \$26.75 a month for the second child.

The Nova Scotia Child Benefit was \$37.08 a month for the first child and \$53.75 a month for the second child.

The New Brunswick Child Tax Benefit was \$20.83 a month for each child.

Quebec provided a Family Allowance of \$52.08 a month for each child and an extra \$108 a month for single-parent families.

Prior to July 1, 2004, the Saskatchewan Child Benefit was \$3.50 a month for the first child plus a Child Differential Allowance of \$35 a month for the first child in a single-parent family. Beginning July 1, the allowance was converted to the Saskatchewan Child Benefit and paid at the rate of \$35 a month. The second child in a family got \$21.25 a month in the first half of 2004 and \$17.83 a month in the second half of the year.

The BC Family Bonus was \$1.58 a month for the first child in a family prior to July 1, 2004 and disappeared altogether as of July 1. The second child in a family got \$17.75 a month in the first half of the year and \$11.91 a month in the second half of the year.

The Yukon Child Benefit was \$25 a month for each child prior to July 1, 2004 and \$37.50 a month afterward.

The Northwest Territories Child Benefit and Nunavut Child Benefit were both \$27.70 a month for each child.

THE CLAWBACK OF THE NATIONAL CHILD BENEFIT SUPPLEMENT

Under the system of federal child benefits that went into effect on July 1, 1998, the federal government pays a National Child Benefit to all low-income families and many middle-income families with children under 18. For most low-income families, the entitlement is the sum of two individual calculations: a basic Canada Child Tax Benefit (CCTB) and a National Child Benefit Supplement (NCBS).

As of July 1, 2004, the maximum Canada Child Tax Benefit goes to families with net family income of \$35,000 or less. The benefit declines and eventually disappears as family income rises above \$35,000. The maximum National Child Benefit Supplement goes to families with net incomes below \$22,615, and partial supplements go to families between \$22,615 and \$35,000.

The original deal between the two levels of government was that families on welfare would have the National Child Benefit Supplement “clawed back” by provincial and territorial governments, and the money clawed back would be reinvested in other programs for families with children. Low-income families with children *not* on welfare would get to keep the entire National Child Benefit Supplement.

The clawback mechanisms varied from place to place. One option for provinces and territories was treating the National Child Benefit Supplement as non-exempt income and deducting an equivalent amount from the monthly welfare cheques they paid to families with children. Another option was simply reducing the amount paid by welfare by the amount of the supplement. A third option was reducing the amount of provincial child benefits or family allowances where these programs existed.

Regardless of the mechanism actually used, the end result was that most families on welfare were no better off despite the substantial sums of new money provided by the federal government.

Newfoundland and Labrador and New Brunswick did not reduce basic social assistance when the supplement was introduced and have allowed families to benefit fully from the basic Canada Child Tax Benefit and the supplement. All other provinces and territories reduced their basic social assistance or child and family benefits every year for the first few years after the supplement was introduced.

As of early 2004, Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec, Manitoba and Alberta did not claw back the National Child Benefit Supplement. Here is the situation in more detail as it relates to the welfare incomes presented in this report.

Prince Edward Island treated the supplement as non-exempt income and subtracted the amount from basic social assistance.

Prior to August 2001, Nova Scotia treated the supplement as non-exempt income and subtracted it from basic social assistance. In August 2001, the province eliminated personal allowances for all children under 18 while deciding to allow welfare recipients to keep the full provincial and federal child tax benefits. The total amount of the provincial child tax benefit and the federal child tax benefit and supplement was not as large as the personal allowances were. As a result, both the single parent with one child and the couple with two children on welfare lost income while the province touted its cessation of the clawback.

Prior to July 2001, Quebec reduced the family allowance by the full value of the supplement. As of July 2001, Quebec no longer deducted annual increases to the supplement from the family allowance for the single parent with a child age 2. As of July 2002, Quebec no longer deducted annual increases to the supplement from the family allowance for the couple with children aged 10 and 15. The family allowance was held at the July 2000 rate of \$52.08 a month. As of January 2005, Quebec replaced three programs, by a new measure called "Soutien aux enfants" or "Child assistance." It is a refundable tax credit and has two components: the child assistance payment and the supplement for handicapped children. It replaces the following Québec measures: family benefits, the non-refundable tax credit respecting dependent children and the tax reduction for families.

The current government of Ontario promised during the last provincial election campaign to end the clawback. The government did not claw back the latest increase in the NCB supplement that went into effect on July 1, 2004, but it has not taken any other action at this point.

Prior to July 2000, Manitoba treated the supplement as non-exempt income and subtracted it from basic social assistance for all families with children. From July 2000 to August 2001, a provincial supplement of \$20 a month was added to the welfare payments of families with children under seven to compensate for the clawback of the federal supplement. Effective July 2001, the full amount of the NCBS was restored for children 6 years of age and under. Effective February 2003, Manitoba allowed families with children 11 years of age and under to keep the full amount of the NCBS. In 2003, Manitoba continued to reduce benefits for children aged 12 and over by the July 1999 rate of the National Child Benefit Supplement. As of February 2004, Manitoba allowed families with children aged 12 and over to keep the NCBS.

The Saskatchewan Child Benefit was reduced by the value of the supplement. Each year, as the federal payment increases, the provincial share decreases.

Alberta stopped clawing back the supplement increase in August 2003.

In British Columbia, the BC Family Bonus was reduced by the full value of the supplement. Each year, as the federal payment increases, the provincial share decreases. For the single-parent family in this report, as of July 1, 2004, the Family Bonus reached zero

dollars. The couple with two children received a Family Bonus Top-up Supplement for second child. The couple with two children in this report received \$1.25 monthly between January and June 2004, and \$3.67 between July and December 2004.

In the Yukon, Northwest Territories and Nunavut, the supplement was treated as non-exempt income and deducted dollar for dollar from basic social assistance.

In all provinces and territories, Aboriginal people are subject to the same clawback provisions as other residents.

As a result of the clawback, the already complex system of welfare programs has become even more complicated. With all the new rules and variations in welfare across the country, it is now almost impossible for welfare recipients to be sure that they are receiving all the benefits to which they are entitled.

The National Council of Welfare believes that the clawback discriminates against welfare families and especially single-parent families on welfare. Most poor single-parent families are headed by women, so the clawback also discriminates against women.

Appendix E and Appendix F at the end of this report show the impact of the clawback by province and territory on welfare families and individual children living in welfare families as of early 2004.

There were 118,131 single-parent families and 37,208 two-parent families or a total of 155,339 welfare families who were clawed back in four provinces and three territories. The 155,339 families represent 11.2 percent of the more than 1.3 million families eligible to receive the NCB supplement, but 54.4 percent of the 285,639 families with children on welfare across Canada.

In terms of individual children affected by the clawback, the figures were 212,332 children in single-parent families and 85,242 children in two-parent families for a total of 297,574 children. That was 12.1 percent of the children eligible to receive the NCB supplement and 56.2 percent of the children living in welfare families.

GST CREDIT

The column for the federal GST Credit shows the federal refundable credit for the Goods and Services Tax or the federal portion of the Harmonized Sales Tax in the four Atlantic provinces. The GST Credit is paid quarterly to lower-income individuals and families based on net household income during the previous two tax years.

In 2004, the quarterly payments added up to \$220 for an adult or the first child in a single-parent family and \$116 for other children. Single adults, including single parents, qualified for a supplement to the GST Credit if their incomes were higher than \$7,022 in 2002 or \$7,253 in 2003. The maximum supplement in 2004 added up to \$116.

PROVINCIAL TAX CREDITS

The tax credits in Column 6 are the provincial government refund of the Harmonized Sales Tax in Newfoundland and Labrador, the Sales and Property Tax Credits in Ontario and the Sales Tax Credit in British Columbia. The value of the Quebec Sales Tax Credit is included in the Quebec basic social assistance rate.

TABLE 1.2: ESTIMATED 2004 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
NEWFOUNDLAND AND LABRADOR ³							
Single Employable	\$7,140				\$221	\$40	\$7,401
Person with a Disability	\$7,140	\$1,500			\$250	\$40	\$8,930
Single Parent, One Child	\$11,436		\$2,911	\$225	\$556	\$100	\$15,228
Couple, Two Children	\$11,916		\$5,139	\$542	\$672	\$200	\$18,468
PRINCE EDWARD ISLAND ⁴							
Single Employable ⁵	\$5,988				\$220		\$6,208
Person with a Disability ⁶	\$7,848				\$241		\$8,089
Single Parent, One Child ⁷	\$10,077		\$2,911		\$556		\$13,544
Couple, Two Children ⁸	\$14,071	\$350	\$5,139		\$672		\$20,231
NOVA SCOTIA ^{9/10}							
Single Employable	\$4,992				\$220		\$5,212
Person with a Disability	\$8,592				\$249		\$8,841
Single Parent, One Child	\$8,772		\$2,911	\$445	\$556		\$12,684
Couple, Two Children	\$11,544	\$150	\$5,139	\$1,090	\$672		\$18,595

TABLE 1.2: ESTIMATED 2004 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
NEW BRUNSWICK¹¹							
Single Employable	\$3,168				\$220		\$3,388
Person with a Disability	\$6,696				\$220		\$6,916
Single Parent, One Child	\$8,772	\$900	\$2,911	\$250	\$556		\$13,389
Couple, Two Children	\$9,828	\$1,000	\$5,139	\$500	\$672		\$17,139
QUEBEC							
Single Employable ¹²	\$6,669				\$220		\$6,889
Person with a Disability ¹³	\$9,645				\$265		\$9,910
Single Parent, One Child ¹⁴	\$8,985		\$2,911	\$1,925 ¹⁵	\$556		\$14,377
Couple, Two Children	\$11,289	\$199	\$5,139	\$1,250	\$672		\$18,548
ONTARIO¹⁶							
Single Employable	\$6,370				\$220	\$383	\$6,973
Person with a Disability	\$11,380				\$300	\$306	\$11,987
Single Parent, One Child ¹⁷	\$10,281	\$105	\$2,911		\$556	\$398	\$14,251
Couple, Two Children ¹⁸	\$12,111	\$407	\$5,139		\$672	\$526	\$18,854

TABLE 1.2: ESTIMATED 2004 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
MANITOBA ¹⁹							
Single Employable ²⁰	\$5,572				\$220		\$5,792
Person with a Disability	\$7,377	\$960			\$240		\$8,576
Single Parent, One Child ²¹	\$9,636		\$2,911		\$556		\$13,103
Couple, Two Children ²²	\$14,151		\$5,139		\$672		\$19,962
SASKATCHEWAN ²³							
Single Employable	\$5,955				\$220		\$6,175
Person with a Disability	\$7,574	\$1,140			\$247		\$8,962
Single Parent, One Child ²⁴	\$8,627		\$2,911	\$441	\$556		\$12,535
Couple, Two Children ²⁵	\$12,470	\$215	\$5,139	\$256	\$672		\$18,751
ALBERTA ²⁶							
Single Employable	\$4,804	\$20			\$220		\$5,044
Person with a Disability ²⁷	\$6,584	\$1,036			\$226		\$7,846
Single Parent, One Child ²⁸	\$8,684	\$100	\$2,811		\$556		\$12,151
Couple, Two Children ²⁹	\$12,876	\$395	\$5,223		\$672		\$19,166

TABLE 1.2: ESTIMATED 2004 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
BRITISH COLUMBIA							
Single Employable	\$6,120	\$35			\$220	\$75	\$6,450
Person with a Disability ³⁰	\$9,437 ³¹	\$35			\$267	\$75	\$9,814
Single Parent, One Child ³²	\$10,147	\$80	\$2,911	\$10	\$556	\$75	\$13,778
Couple, Two Children ³³	\$11,893	\$217	\$5,139	\$187	\$672	\$150	\$18,258
YUKON							
Single Employable	\$11,990	\$155			\$320		\$12,465
Person with a Disability	\$11,990	\$1,655			\$336		\$13,981
Single Parent, One Child ³⁴	\$15,603	\$548	\$2,911	\$375	\$556		\$19,993
Couple, Two Children ³⁵	\$21,605	\$685	\$4,945	\$611 ³⁶	\$672		\$28,518
NORTHWEST TERRITORIES							
Single Employable	\$12,560				\$324		\$12,884
Person with a Disability	\$16,160				\$334		\$16,494
Single Parent, One Child ³⁷	\$17,961		\$2,911	\$330	\$556		\$21,758
Couple, Two Children ³⁸	\$23,441		\$4,819	\$660	\$672		\$29,592

TABLE 1.2: ESTIMATED 2004 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Tax Benefit ¹	Provincial/ Territorial Child Benefits	Federal GST Credit ²	Provincial/ Territorial Tax Credits	Total Income
NUNAVUT ³⁹							
Single Employable ⁴⁰	\$10,430 ⁴¹				\$281		\$10,711
Person with a Disability	\$12,670				\$325		\$12,995
Single Parent, One Child ⁴²	\$18,062		\$2,687	\$330	\$556		\$21,635
Couple, Two Children	\$30,936		\$3,205	\$660	\$575		\$35,376

¹ Refers to the National Child Benefit which includes the basic Canada Child Tax Benefit and the National Child Benefit Supplement that were received between January 1 and December 31, 2004.

² The federal GST Credit includes the quarterly payments received between January 1 and December 31, 2004.

Newfoundland and Labrador

³ Individuals and families living in larger urban areas got additional assistance of up to \$61 per month (\$732 yearly) if the actual rent exceeded the basic shelter rate.

Prince Edward Island

⁴ PEI increased shelter and local transportation rates effective April 1, 2003.

⁵ The majority of single people (all but 180 out of 3,600 in 2004-05) whether employable or not received a shelter allowance of \$435 instead of the \$280 allowance we used in this report. The shelter rate of \$435 is for people with mortgages or who have been renting for a considerable period of time prior to coming on assistance.

⁶ In 2003 PEI eliminated payments for two disability-related supports – personal care allowance and special care allowance – for those who had access to the new Disability Support Program. PEI continued to pay for those allowances to people who didn't have access to DSP.

⁷ An increase in the healthy child allowance took effect August 1, 2004. PEI continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

⁸ An increase in the healthy child allowance took effect August 1, 2004. PEI continued to reduce the basic social assistance by the full amount of the National Child Benefit Supplement.

Nova Scotia

⁹ Nova Scotia made a one-time payment in December 2004 of up to \$200 to some low income people to defray the cost of heating oil, stove oil or propane. The payment went to families with net incomes below \$22,200 in 2003; single people with net income below \$14,400, seniors receiving the federal Guaranteed Income Supplement or Spouse's Allowance; and welfare recipients.

¹⁰ Nova Scotia increased the monthly personal allowance from \$180 to \$184 per person on October 1, 2004.

New Brunswick

¹¹ New Brunswick increased the monthly fuel supplement from \$70 to \$90 on December 1, 2004. It is designed to provide assistance to offset the cost of winter heating, over and above what is included in the basic assistance rate. It is offered either in monthly payments, from November to April, or in a one-time payment. Eligibility is determined on a case-by-case basis.

Quebec

¹² Quebec increased payments for applicants “without a limited capacity for employment” on January 1, 2004.

¹³ Quebec increased payments for applicants “with a severely limited capacity for employment” on January 1, 2004.

¹⁴ Quebec increased payments for applicants “with a temporarily limited capacity for employment” on January 1, 2004.

¹⁵ As of January 2005, Quebec replaced three programs with a new measure called “soutien aux enfants” or “child assistance”. It is a refundable tax credit and has two components: the child assistance payment and the supplement for handicapped children. It replaces the following Québec measures: family benefits, the non-refundable tax credit respecting dependent children and the tax reduction for families. The minimum and maximum child assistance payments will be indexed each year on January 1, beginning in January 2006. A payment for the first quarter of 2005 was distributed in December 2004. This amount will be included in *Welfare Incomes 2005*.

Ontario

¹⁶ On May 18, 2004, Ontario announced a three per cent rate increase to the basic needs allowance and maximum shelter allowance. These are the first increases to social assistance rates since 1993. The rate increase was implemented on February 28, 2005 for Ontario Disability Support Program recipients and on March 1, 2005 for Ontario Works recipients. Ontario sent two lump-sum special payments in the fall of 2004 to eligible recipients, and those payments are included in this report.

¹⁷ Ontario did not claw back the increase in the National Child Benefit Supplement in July 2004.

¹⁸ Ontario did not claw back the increase in the National Child Benefit Supplement in July 2004.

Manitoba

¹⁹ Manitoba increased the basic needs amount by \$20 effective February 1, 2004 for single adults, childless couples and all adults in the disabled and aged categories including spouses.

²⁰ Single employable persons in the City of Winnipeg have received assistance from the provincial Employment and Income Assistance program since the province assumed responsibility for the administration of the Municipal Assistance Program in the City of Winnipeg in April 1999. On June 1, 2004, the province assumed responsibility for the administration of municipal assistance outside of Winnipeg.

²¹ Manitoba stopped reducing basic social assistance by the amount of the National Child Benefit Supplement for children under seven effective July 1, 2001.

²² Employable couples with children in the City of Winnipeg have received assistance from the provincial Employment and Income Assistance program since the province assumed responsibility for the administration of the Municipal Assistance Program in the City of Winnipeg in April 1999. On June 1, 2004, the province assumed responsibility for the administration of municipal assistance outside of Winnipeg. Effective February 2004, Manitoba stopped reducing basic social assistance by the amount of the National Child Benefit Supplement for families on income assistance with children aged 12 and over. Those families were the last ones in Manitoba still to be clawed back.

Saskatchewan

²³ An increase in utility rates is based upon actual average costs from January to December 2004.

²⁴ For January-June 2004, the Saskatchewan Child Benefit was decreased by the full amount of the National Child Benefit Supplement and amounted to only \$3.50 monthly. Saskatchewan also paid a Child Differential Allowance of \$35 a month to the first child of a

single parent. On July 1, 2004, Saskatchewan moved this Child Differential Allowance to the Saskatchewan Child Benefit and paid all low income single parents. Without this change, the Saskatchewan Child Benefit would have been zero effective July 1, 2004.

²⁵ The Saskatchewan Child Benefit was decreased by the full amount of the National Child Benefit Supplement and added up to \$24.75 monthly between January and June 2004. On July 1, 2004, the first child benefit under Saskatchewan Child Benefit became zero. Two-parent families do not qualify for the single parent differential. The benefit rate for the second child in the two-parent family is \$17.83 monthly since July 1, 2004.

Alberta

²⁶ Alberta shifted from monthly standard allowance benefits to monthly core essential benefits on May 1, 2004. The new core benefit includes a \$5 a month co-payment benefit that was classified as an additional benefit.

²⁷ This report features the most basic disability benefit within the Alberta welfare system. Some recipients also get an additional handicapped benefit of \$175 a month. However, most single people with severe and permanent disabilities and limited resources receive assistance of \$850 a month under the Assured Income for the Severely Handicapped (AISHS) program.

²⁸ Effective August 2003, Alberta stopped reducing basic social assistance by the increase to the National Child Benefit Supplement.

²⁹ Effective August 2003, Alberta stopped reducing basic social assistance by the increase to the National Child Benefit Supplement.

British Columbia

³⁰ The single person with a disability in British Columbia was a person in the Persons with Disabilities category. British Columbia also has another category called Persons with Persistent Multiple Barriers that has a much lower monthly rate.

³¹ Effective January 1, 2005, each person on disability assistance will start receiving \$70 more each month. This increase will appear in *Welfare Incomes 2005*.

³² The BC Family Bonus was reduced by the full amount of the National Child Benefit Supplement. As of July 1, 2004, the BC Family Bonus reached zero dollars for families with only one child.

³³ The BC Family Bonus was reduced by the full amount of the National Child Benefit Supplement.

Yukon

³⁴ Yukon continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

³⁵ Yukon continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

³⁶ Yukon increased the Yukon Child Benefit from \$25 a month for each child prior to July 1, 2004 to \$37.50 a month afterward. Yukon also increased the income level for the maximum child benefit from \$16,700 to \$25,000. Without the increase in the income level, the couple with two children would have received much less than the maximum territorial child benefit.

Northwest Territories

³⁷ NWT continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

³⁸ NWT continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement.

Nunavut

³⁹ The majority of Income Support recipients reside in public housing in Nunavut. The majority of rent payments are \$60 per month but can be as high as \$1,500 depending on income. Applicants living in private accommodation must apply for public housing before being approved for rent payments. Private rents start at \$1,500 and go as high as \$2,700 per month. Approval is required from the director for amounts over \$900 for the single parent with one child or childless couple. Approval is required from the director for amounts over \$1,500 for the couple with two children. This report's methodology assumes all recipients live in private accommodation and receive the highest shelter rate without requesting any director's approval, e.g. \$900 for the single parent with one child and \$1,500 for the couple with two children.

⁴⁰ Nunavut requires from the single employable person, the single parent with one child and the couple with two children to be in a recipient category other than Transitional Assistance for two months before the regular clothing allowance be paid. For this report, it means those people were ineligible for the first two months of clothing allowance in 2004. Nunavut also requires the same type of households to be in a recipient category other than Transitional Assistance for six months in the current calendar year before the seasonal clothing allowance is paid.

⁴¹ Nunavut increased the food allowance by around ten per cent for all types of families effective June 1, 2004.

⁴² Nunavut continued to reduce basic social assistance by the full amount of the National Child Benefit Supplement. Due to the higher welfare incomes of Nunavut families, the National Child Benefit Supplement and the GST credit were paid at a lower level than the standard payment to families in other provinces and territories.

II. ADEQUACY OF BENEFITS

The welfare incomes in Table 1.2 for 2004 have not improved from the abysmally low levels reported in previous years. To demonstrate this, we compared them with the poverty lines for 2004. The results are shown in Table 2.1.

Each year, Statistics Canada calculates the low income cut-offs or LICOs for households of different sizes in communities of different sizes. They approximate levels of gross income where people are forced to spend much of their income on food, shelter and clothing. The Statistics Canada's before-tax low income cut-offs (LICOs) for 2004 are used in this report.

The National Council of Welfare regards the low income cut-offs as poverty lines. Like any poverty lines, they have their limitations, but they are widely accepted as a benchmark for judging income adequacy in Canada. Other studies of poverty, especially local surveys using a "market basket" approach, have produced comparable results. The National Council of Welfare's *Poverty Profile* series discusses the issue of poverty lines in more depth. The Council's 2004 report *Income for Living?* looked at what the new Market Basket Measure (MBM) and the LICOs tell us about the situation of low-income people in four provinces. *Income for Living?* compared welfare income with income from paid work for the same four household types used in *Welfare Incomes 2004*.

Some provincial governments maintain that the poverty lines are an especially imperfect measure of poverty when it comes to welfare incomes, because the lines are based on pre-tax income and welfare benefits are not taxable. In reality, most of the incomes in Table 2.1 are so low that there is little or no difference between taxable and non-taxable income. For example, single employable people in New Brunswick with a total welfare income of \$3,388 (including federal and provincial tax credits) were abysmally poor by any standard. Even if they had income of this amount from earnings, they would have been exempt from income tax because their earnings were so low.

Some provinces and territories also contend that welfare income is intended to provide only the bare necessities of life, while the incomes at the level of the low income cut-offs are high enough to allow some discretionary spending as well. The National Council of Welfare has no sympathy for that argument. The fact is that the cut-offs already represent very low levels of income. The only "discretion" many welfare recipients have is how to cut back on food when the money starts running short toward the end of the month.

As Table 2.1 shows, no province had welfare rates consistently closer to the poverty lines than elsewhere. Rates in most provinces, especially rates for single employables, are far below the lines. Welfare incomes which reach only one fifth or one third of the poverty line are unacceptably low and should be raised at the earliest possible date. Rates this low cannot be described as anything other than punitive and cruel.

Column one of Table 2.1 shows the total welfare incomes of four different types of households in the ten provinces in 2004. The three territories are not included in this table

because they are excluded from the Statistics Canada survey used to generate the low income cut-offs.

Column two indicates the 2004 poverty lines (Statistics Canada's low income cut-offs, 1992 base) for the largest city in each province. The poverty gap, or difference between the total welfare income and the poverty line, is shown in column three. The fourth column represents the total welfare income as a percentage of the poverty line, that is, total welfare income divided by the poverty line.

Welfare incomes for single employable people remained by far the least adequate during 2004. The welfare income for this household type ranged from a low of 19 percent of the poverty line in New Brunswick to a high of 42 percent of the poverty line in Newfoundland and Labrador.

Welfare incomes for single people with disabilities were the lowest in Alberta and New Brunswick at 39 percent of the poverty line. The highest income was in Ontario at 59 percent of the poverty line.

Welfare incomes for single-parent families were the lowest in Alberta at 48 percent of the poverty line. The highest was in Newfoundland and Labrador, where welfare income for this household type was at 70 percent of the poverty line.

Finally, the welfare incomes for two-parent families with two children were the lowest in British Columbia at 48 percent of the poverty line followed by Quebec at 49 percent. The highest income for this household type was in Prince Edward Island with a rate of 65 percent of the poverty line.

TABLE 2.1: ADEQUACY OF 2004 BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND AND LABRADOR				
Single Employable	\$7,401	\$17,515	-\$10,114	42%
Person with a Disability	\$8,930	\$17,515	-\$8,585	51%
Single Parent, One Child	\$15,228	\$21,804	-\$6,576	70%
Couple, Two Children	\$18,468	\$32,546	-\$14,078	57%
PRINCE EDWARD ISLAND				
Single Employable	\$6,208	\$17,407	-\$11,199	36%
Person with a Disability	\$9,216	\$17,407	-\$8,191	53%
Single Parent, One Child	\$13,544	\$21,669	-\$8,125	63%
Couple, Two Children	\$20,911	\$32,345	-\$11,434	65%
NOVA SCOTIA				
Single Employable	\$5,212	\$17,515	-\$12,303	30%
Person with a Disability	\$8,841	\$17,515	-\$8,674	50%
Single Parent, One Child	\$12,684	\$21,804	-\$9,120	58%
Couple, Two Children	\$18,595	\$32,546	-\$13,952	57%
NEW BRUNSWICK				
Single Employable	\$3,388	\$17,515	-\$14,127	19%
Person with a Disability	\$6,916	\$17,515	-\$10,599	39%
Single Parent, One Child	\$13,389	\$21,804	-\$8,415	61%
Couple, Two Children	\$17,139	\$32,546	-\$15,408	53%
QUEBEC				
Single Employable	\$6,889	\$20,337	-\$13,448	34%
Person with a Disability	\$9,910	\$20,337	-\$10,427	49%
Single Parent, One Child	\$14,377	\$25,319	-\$10,942	57%
Couple, Two Children	\$18,548	\$37,791	-\$19,243	49%

TABLE 2.1: ADEQUACY OF 2004 BENEFITS

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
ONTARIO				
Single Employable	\$6,973	\$20,337	-\$13,364	34%
Person with a Disability	\$11,987	\$20,337	-\$8,350	59%
Single Parent, One Child	\$14,251	\$25,319	-\$11,068	56%
Couple, Two Children	\$18,854	\$37,791	-\$18,937	50%
MANITOBA				
Single Employable	\$5,792	\$20,337	-\$14,545	28%
Person with a Disability	\$8,576	\$20,337	-\$11,761	42%
Single Parent, One Child	\$13,103	\$25,319	-\$12,216	52%
Couple, Two Children	\$19,962	\$37,791	-\$17,829	53%
SASKATCHEWAN				
Single Employable	\$6,175	\$17,515	-\$11,340	35%
Person with a Disability	\$8,962	\$17,515	-\$8,553	51%
Single Parent, One Child	\$12,535	\$21,804	-\$9,269	57%
Couple, Two Children	\$18,751	\$32,546	-\$13,795	58%
ALBERTA				
Single Employable	\$5,044	\$20,337	-\$15,293	25%
Person with a Disability	\$7,846	\$20,337	-\$12,491	39%
Single Parent, One Child	\$12,151	\$25,319	-\$13,168	48%
Couple, Two Children	\$19,166	\$37,791	-\$18,625	51%
BRITISH COLUMBIA				
Single Employable	\$6,450	\$20,337	-\$13,887	32%
Person with a Disability	\$9,814	\$20,337	-\$10,523	48%
Single Parent, One Child	\$13,778	\$25,319	-\$11,541	54%
Couple, Two Children	\$18,258	\$37,791	-\$19,533	48%

III. WELFARE AND AVERAGE INCOMES

The low level of financial support provided by social assistance is evident when measured against total average incomes. Welfare provides only a portion of the level of income that most Canadians would consider normal or reasonable.

Table 3.1 compares the welfare incomes of our four typical households with average incomes for the appropriate household type in each province. These averages are based on 2003 data collected by Statistics Canada in the Survey of Labour and Income Dynamics, adjusted by the Consumer Price Index to 2004. The three territories are not included in this table because they are excluded from the Statistics Canada Survey of Labour and Income Dynamics.

For the single employable person and the single person with a disability, we used average incomes in each province for unattached people under the age of 65. For single parents, we used the average incomes of single parents under 65 with children under 18. For the two-parent family, we used the average incomes of couples under 65 with children under 18.

Welfare incomes remained far, far below average. In 2004, the welfare income of a single employable person ranged in value from just 15 percent of the average income of single people in New Brunswick to a high of 37 percent of the average income of single people in Newfoundland and Labrador.

The welfare income of a disabled person ranged from a low of 27 percent of the average income of single Albertans, to 44 percent of the average income of single Newfoundlanders and in Prince Edward Island.

The single parent in Alberta received 26 percent of the average income of single parents in that province, while a single parent on welfare in Newfoundland and Labrador received 52 percent of the average income of single parents in the province.

The couple with two children on welfare in Ontario received only 19 percent of the average income of Ontario couples with children. The situation for the couples in British Columbia and Alberta was comparable, with only 22 percent of the average income of similar families in those provinces. The best a two-parent family on welfare did was 32 percent of the average income of two-parent families in Prince Edward Island.

In this year's edition, we added a table located in Appendix G that compares welfare incomes with estimated median incomes or incomes at the exact midpoint of the income spectrum. The three territories are included in this table, which allows us to look at their income adequacy for the first time. The welfare incomes of all family types in the territories except single-parent families were far, far below the median incomes. The situation of single-parent families looked better. However, it reflects very low median incomes for all single-parent families, regardless of their source of income, rather than an improvement in the situation of welfare recipients.

TABLE 3.1: 2004 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$7,401	\$20,176	37%
Person with a Disability	\$8,930	\$20,176	44%
Single Parent, One Child	\$15,228	\$29,551	52%
Couple, Two Children	\$18,468	\$68,375	27%
PRINCE EDWARD ISLAND			
Single Employable	\$6,208	\$22,112	28%
Person with a Disability	\$9,216	\$22,112	42%
Single Parent, One Child	\$13,544	\$31,691	43%
Couple, Two Children	\$20,911	\$64,401	32%
NOVA SCOTIA			
Single Employable	\$5,212	\$28,226	18%
Person with a Disability	\$8,841	\$28,226	31%
Single Parent, One Child	\$12,684	\$30,774	41%
Couple, Two Children	\$18,595	\$73,470	25%
NEW BRUNSWICK			
Single Employable	\$3,388	\$22,724	15%
Person with a Disability	\$6,916	\$22,724	30%
Single Parent, One Child	\$13,389	\$29,551	45%
Couple, Two Children	\$17,139	\$71,024	24%
QUEBEC			
Single Employable	\$6,889	\$29,551	23%
Person with a Disability	\$9,910	\$29,551	34%
Single Parent, One Child	\$14,377	\$36,378	40%
Couple, Two Children	\$18,548	\$78,973	23%

TABLE 3.1: 2004 WELFARE INCOMES AS PERCENTAGE OF AVERAGE INCOMES

	Welfare Income	Estimated Average Income	Welfare Income as % of Estimated Average Income
ONTARIO			
Single Employable	\$6,973	\$36,378	19%
Person with a Disability	\$11,987	\$36,378	33%
Single Parent, One Child	\$14,251	\$38,620	37%
Couple, Two Children	\$18,854	\$96,805	19%
MANITOBA			
Single Employable	\$5,792	\$28,430	20%
Person with a Disability	\$8,576	\$28,430	30%
Single Parent, One Child	\$13,103	\$35,156	37%
Couple, Two Children	\$19,962	\$75,610	26%
SASKATCHEWAN			
Single Employable	\$6,175	\$28,124	22%
Person with a Disability	\$8,962	\$28,124	32%
Single Parent, One Child	\$12,535	\$33,118	38%
Couple, Two Children	\$18,751	\$76,935	24%
ALBERTA			
Single Employable	\$5,044	\$29,449	17%
Person with a Disability	\$7,846	\$29,449	27%
Single Parent, One Child	\$12,151	\$46,059	26%
Couple, Two Children	\$19,166	\$88,857	22%
BRITISH COLUMBIA			
Single Employable	\$6,450	\$30,061	21%
Person with a Disability	\$9,814	\$30,061	33%
Single Parent, One Child	\$13,778	\$35,665	39%
Couple, Two Children	\$18,258	\$83,456	22%

IV. PROVINCIAL AND TERRITORIAL BENEFITS OVER TIME

The value of most provincial and territorial welfare and related benefits continued to decline in 2004, adding further to the misery of the 1.7 million or so children, women and men who were forced to rely on welfare.

Between 2003 and 2004, there were only seven increases in provincial or territorial benefits among the 52 calculations done by the National Council of Welfare for the four household types in the 13 jurisdictions. The other 45 calculations all showed declines in incomes between 2003 and 2004.

The 2004 drops in support for welfare recipients in most provinces and territories sent most welfare rates down to their lowest levels since our first calculations way back in the 1980s. Of the 52 calculations for 2004, 36 were lows for the period.

This section of the report includes a look at provincial and territorial benefits in both the short term and the long term, starting with Table 4.1 and Table 4.2. Both tables focus exclusively on the benefits provided to welfare recipients by provincial and territorial governments. That means the welfare incomes shown earlier in Table 2.1 minus the federal GST/HST Credit and minus the National Child Benefit for the two types of households with children.

All the figures in the tables are expressed in constant 2004 dollars to factor out the influence of inflation over the years and to show how the real purchasing power of welfare recipients has fallen over time.

THE SHORT TERM

Table 4.1 shows provincial and territorial benefits to welfare recipients over time. It includes basic welfare assistance, additional welfare benefits, provincial and territorial child benefits and provincial tax credits. The column at the far right of the table shows the percentage increase or decrease in provincial and territorial benefits between 2003 and 2004.

Welfare rates are not adjusted automatically for increases in the cost of living anywhere in Canada, so welfare recipients typically lose ground to the cost of living year after year. The cost of living rose 1.9 percent between 2003 and 2004, for example, and a number of the benefits shown in Table 4.1 went down 1.9 percent.

The table provides comparisons of provincial and territorial benefits from 1986 to 2004 for the single employable person, the single-parent family and the two-parent family. The National Council of Welfare did not include the single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is available from 1989 to 2004. The National Council of Welfare first estimated welfare incomes in the Northwest Territories in 1993, so the table shows comparisons only since that time. The data for Nunavut began in 1999 when the territory was created.

Most provincial and territorial benefits went down slightly because benefits were not increased in line with the cost of living. However, there were also other reasons for the losses. One reason for higher-than-average losses among families with children was the increase in the National Child Benefit Supplement or NCBS from the federal government and the corresponding increase in the amount clawed back by some provincial and territorial governments. For example, the single parent with a 2-year-old child normally got \$1,463 from the NCBS in 2003 and \$1,511 in 2004, an increase of \$48 by 2004. That led to a reduction of \$48 in provincial and territorial benefits in 2004 in jurisdictions that still did a full clawback of the NCBS.

In Newfoundland and Labrador, single employable persons and disabled persons saw their welfare incomes decrease because of the increase in the cost of living. Both families with children saw their welfare incomes decrease by less than the cost of living due to a slight increase in the provincial child benefit in July 2003 and 2004.

In Prince Edward Island, the value of provincial welfare incomes decreased for the single disabled person by 1.4 percent. Despite an increase of shelter and local transportation rates effective April 2003, the increasing cost of living caused a decrease in the overall welfare income for the single disabled person and the single employable person. The value of welfare decreased for the single parent with a 2-year-old by 1.3 percent and for the couple with two children by 1.4 percent. The increasing cost of living combined with the provincial government's clawback of the supplement to the federal child tax benefit were not sufficiently offset by the increase to provincial welfare rates in April 2003 and August 2004.

In Nova Scotia, all recipients saw their welfare income decrease by less than the cost of living increase due to a slight increase in the provincial welfare rates for adults in October 2004.

New Brunswick froze welfare rates, so all recipients lost purchasing power.

In Quebec, the single employable person and the disabled person saw a miniscule increase in their income due to the increase in provincial welfare rates in January 2004 that was not fully reduced by the cost of living increase. Benefits for the families with children dropped by less than the cost of living – by 0.5 percent and 0.3 percent respectively – because the province allowed a small increase in welfare benefits and allowed the families to keep the National Child Benefit Supplement.

In Ontario, the single employable person and the disabled person saw a slight increase in their welfare incomes due to the increase in provincial welfare rates in the fall of 2004. These were the first increases to welfare rates since 1993. The single-parent families and the two-parent families experienced a loss in the purchasing power of their welfare benefits. Provincial benefits for the single parent with one child dropped by 0.2 percent, and the couple with two children lost 1.1 percent. The drop for the two families with children occurred because of the clawback of the supplement to the federal child tax benefit.

In Manitoba, single employable people and single disabled people saw the value of their welfare benefits increase due to an increase in the welfare rates in February 2004. Manitoba froze welfare rates for single-parent families with one child, so they lost the value of the cost of living. The couple with two older children saw an increase of 3.6 percent, which reflects Manitoba's decision to cease its clawback of the supplement to the National Child Benefit for children 11 years of age and under as of February 2003 and its decision to cease its clawback of the supplement for children 12 years and over as of February 2004.

All four household types in Saskatchewan experienced a loss in the purchasing power of their welfare benefits. The single employable and single disabled recipients saw a slight decrease in the value of welfare benefits by 1.6 and 0.4 percent respectively. The single parent saw a decrease of 2.5 percent and the couple saw their benefits fall by 2.1 percent. Saskatchewan slightly increased its utility rates based upon actual average costs for all household types. This almost offset the cost of living for the single employable and single disabled recipients. However, the single parent with a young child and the couple with older children suffered a larger reduction because of the clawback.

In Alberta, the single employable person saw a decrease in income due to the increase in the cost of living. The single disabled person saw a slightly smaller decrease than the cost of living because of a benefit supplement introduced in June 2003. Alberta also gave this to the two families with children, but not the single employable. The single parent and the couple saw losses of 0.7 and 0.1 percent, reflecting the increasing cost of living not sufficiently compensated by the increases to provincial welfare payments and Alberta's decision to cease the clawback of the supplement increase to the National Child Benefit for families receiving social assistance in August 2003.

In British Columbia, the single employable person and the disabled person lost 1.9 percent of their income reflecting a freeze in provincial welfare rates. For the single parent, the loss was 2.4 percent and for the couple, 2.8 percent, reflecting the provincial government's clawback of the supplement to the federal child tax benefit.

In Yukon, the value of welfare benefits decreased for all of the household types. The single employable and the disabled person saw a decrease by the cost of living due to frozen benefit levels. The single parent saw a loss of 2.1 percent, and the couple saw a loss of 1.0 percent due to the clawback of their provincial benefits by the amount of the federal child tax benefit supplement combined with frozen benefits.

In the Northwest Territories, all four household types saw a decrease in the value of their benefits. For the single employable and disabled persons, the decreases at 1.5 percent and 1.6 percent were less than the cost of living and were mainly due to increases for clothing that took effect in March 2003 and for food that took effect in October 2003. The single parent and couple experienced decreases of 2.2 percent and 0.1 percent as the gains in territorial welfare payments were offset by the clawback of the supplement to the federal child tax benefit.

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS

	1986	1989	1990	1991	1992	1993	1994	1995
NEWFOUNDLAND AND LABRADOR								
Single Employable	5,405	5,216	5,185	5,106	5,359	5,295	5,286	5,174
Person with a Disability		10,508	10,397	10,085	10,308	10,171	10,155	9,939
Single Parent, One Child	13,551	13,280	13,254	13,404	13,953	13,785	13,762	13,469
Couple, Two Children	15,676	15,364	15,326	14,836	15,100	14,916	14,891	14,574
PRINCE EDWARD ISLAND								
Single Employable	10,039	9,719	9,672	9,670	9,809	9,738	8,750	6,739
Person with a Disability		11,311	11,194	11,036	11,169	11,075	10,939	10,523
Single Parent, One Child	13,838	13,398	13,501	13,396	13,606	13,528	13,271	12,635
Couple, Two Children	20,279	19,956	19,950	20,069	20,314	20,161	19,776	18,972
NOVA SCOTIA								
Single Employable	7,378	8,232	7,852	7,469	7,356	7,226	7,215	7,061
Person with a Disability		10,836	10,765	10,611	10,466	10,282	10,441	10,247
Single Parent, One Child	12,778	13,171	13,072	12,918	12,919	12,690	12,871	12,630
Couple, Two Children	15,381	16,755	16,007	15,473	15,490	15,266	15,241	14,917
NEW BRUNSWICK								
Single Employable	3,637	3,937	3,877	3,795	3,798	3,745	3,769	3,703
Person with a Disability		10,315	10,151	9,857	9,868	9,807	7,694	7,664
Single Parent, One Child	10,923	10,674	10,504	10,272	10,347	10,380	10,807	11,333
Couple, Two Children	11,816	11,547	11,348	11,243	11,610	11,643	12,068	12,687
QUEBEC								
Single Employable	3,828	4,921	6,981	7,251	7,469	7,491	7,332	7,176
Person with a Disability		8,847	9,174	9,437	9,726	9,723	9,884	9,673
Single Parent, One Child	12,881	11,956	12,736	11,657	13,236	13,787	14,087	13,788
Couple, Two Children	16,649	15,614	15,274	15,725	16,260	16,744	16,526	16,175

IN 2004 CONSTANT DOLLARS (\$)

1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 2003- 2004
2,945	1,283	1,289	1,288	1,796	3,285	7,517	7,316	7,180	-1.9%
9,781	9,696	9,644	9,565	9,425	9,262	9,088	8,845	8,680	-1.9%
13,255	13,155	13,117	12,973	12,739	12,523	12,292	11,969	11,761	-1.8%
14,343	14,370	14,310	14,076	13,712	13,478	13,226	12,878	12,658	-1.7%
6,173	6,156	6,097	5,996	6,147	6,035	6,028	6,053	5,988	-1.1%
9,700	9,505	9,415	9,259	9,322	9,129	9,121	9,085	8,964	-1.4%
12,055	11,548	11,091	10,464	10,535	10,233	10,275	10,210	10,077	-1.3%
17,506	17,545	16,799	15,748	16,058	15,537	15,520	15,315	15,101	-1.4%
6,970	5,128	5,079	4,934	4,803	4,934	5,214	5,075	4,992	-1.7%
10,085	9,922	9,827	9,665	9,408	8,632	8,983	8,743	8,592	-1.8%
12,429	12,228	11,909	11,451	11,027	9,934	9,638	9,380	9,217	-1.8%
16,010	16,203	15,709	14,433	14,286	14,578	13,360	13,002	12,784	-1.7%
3,686	3,669	3,634	3,574	3,478	3,390	3,317	3,228	3,168	-1.9%
7,630	7,716	7,680	7,553	7,352	7,165	7,011	6,823	6,696	-1.9%
11,267	11,395	11,383	11,194	10,894	10,616	10,388	10,111	9,922	-1.9%
12,607	12,928	12,998	12,782	12,438	12,121	11,860	11,543	11,328	-1.9%
7,062	6,844	6,744	6,795	6,676	6,644	6,747	6,668	6,669	0.0%
9,731	9,713	9,800	9,827	9,711	9,700	9,750	9,640	9,645	0.1%
13,568	12,844	12,414	11,890	11,299	11,076	11,137	10,965	10,910	-0.5%
15,918	15,093	14,556	13,741	13,161	12,884	12,970	12,778	12,738	-0.3%

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS

	1986	1989	1990	1991	1992	1993	1994	1995
ONTARIO								
Single Employable	8,181	8,800	9,605	9,859	10,200	10,167	10,174	9,445
Person with a Disability		12,706	13,550	13,852	14,082	14,003	14,011	13,714
Single Parent, One Child	14,652	15,793	17,693	18,131	18,462	18,435	18,450	17,110
Couple, Two Children	18,237	19,930	23,214	23,652	24,167	24,107	23,905	22,032
MANITOBA								
Single Employable	8,117	8,427	8,533	8,432	8,605	8,465	7,881	7,724
Person with a Disability		9,163	9,041	8,893	10,935	9,848	9,772	9,564
Single Parent, One Child	12,540	12,298	12,144	11,944	13,230	11,869	11,775	11,525
Couple, Two Children	19,000	19,958	21,465	21,478	22,105	20,155	20,510	20,062
SASKATCHEWAN								
Single Employable	6,795	6,804	6,648	6,452	6,697	7,050	7,039	6,889
Person with a Disability		11,088	10,733	10,322	10,230	10,135	10,118	9,903
Single Parent, One Child	13,942	13,898	13,497	12,995	12,848	12,706	12,686	12,416
Couple, Two Children	19,558	19,284	18,717	17,996	18,295	18,045	18,086	17,704
ALBERTA								
Single Employable	9,669	6,724	6,412	6,975	7,027	6,624	5,778	5,655
Person with a Disability		8,316	7,930	8,353	8,298	8,056	8,026	7,879
Single Parent, One Child	14,157	12,608	12,023	12,621	12,590	12,088	11,233	10,994
Couple, Two Children	21,049	18,577	17,714	19,534	19,557	18,837	17,685	17,488
BRITISH COLUMBIA								
Single Employable	6,906	7,582	7,748	7,628	7,860	7,886	8,084	7,938
Person with a Disability		10,464	10,819	10,573	11,035	11,110	11,371	11,167
Single Parent, One Child	12,438	13,698	13,836	13,562	14,171	14,222	14,574	14,309
Couple, Two Children	16,988	17,108	17,219	16,826	17,929	18,036	18,584	18,249

IN 2004 CONSTANT DOLLARS (\$)

1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 2003- 2004
7,749	7,670	7,597	7,471	7,272	7,087	6,934	6,749	6,753	0.1%
13,495	13,278	13,152	12,934	12,590	12,269	12,005	11,684	11,686	0.0%
14,053	13,852	13,371	12,714	12,180	11,622	11,211	10,809	10,784	-0.2%
18,159	17,901	17,142	16,097	15,278	14,394	13,763	13,194	13,044	-1.1%
7,144	6,198	6,139	6,037	5,876	5,727	5,604	5,454	5,572	2.1%
9,412	9,261	9,172	9,099	8,912	8,685	8,498	8,271	8,337	0.8%
11,342	11,158	10,706	10,085	9,850	10,019	10,089	9,819	9,636	-1.9%
17,976	16,619	15,682	14,649	14,106	13,746	13,453	13,637	14,151	3.6%
6,780	6,105	6,066	6,249	6,204	6,176	6,081	6,053	5,955	-1.6%
10,028	8,959	8,958	9,204	9,067	9,014	8,832	8,750	8,714	-0.4%
12,218	12,022	10,653	10,697	10,381	10,059	9,703	9,297	9,068	-2.5%
17,423	16,143	15,527	15,512	14,783	14,265	13,691	13,215	12,941	-2.1%
5,565	5,507	5,533	5,441	5,297	5,162	5,051	4,916	4,824	-1.9%
7,754	7,661	7,667	7,736	8,103	7,897	7,727	7,663	7,620	-0.6%
10,818	10,732	10,534	10,241	9,847	9,353	8,968	8,849	8,784	-0.7%
17,210	17,013	16,593	15,774	15,231	14,365	13,687	13,421	13,271	-1.1%
7,216	7,100	7,032	6,916	6,787	6,689	6,545	6,348	6,230	-1.9%
10,990	10,812	10,710	10,532	10,337	10,189	9,970	9,728	9,547	-1.9%
14,082	13,796	13,318	12,669	12,249	11,880	11,039	10,560	10,311	-2.4%
17,959	17,553	16,807	15,783	15,099	14,481	13,582	12,801	12,447	-2.8%

TABLE 4.1: PROVINCIAL AND TERRITORIAL WELFARE BENEFITS

	1986	1989	1990	1991	1992	1993	1994	1995
YUKON								
Single Employable	8,206	9,913	10,027	9,866	9,837	9,663	9,648	9,442
Person with a Disability		11,089	11,149	10,928	10,884	10,692	10,674	11,236
Single Parent, One Child	14,738	16,386	16,479	16,344	16,338	16,049	16,023	15,682
Couple, Two Children	22,580	24,598	24,422	24,428	24,627	24,192	24,153	23,639
NORTHWEST TERRITORIES								
Single Employable						13,836	13,813	13,520
Person with a Disability						15,672	15,646	15,314
Single Parent, One Child						23,457	23,418	22,920
Couple, Two Children						27,760	27,759	27,168
NUNAVUT								
Single Employable								
Person with a Disability								
Single Parent, One Child								
Couple, Two Children								

IN 2004 CONSTANT DOLLARS (\$)

1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 2003- 2004
9,292	12,674	12,554	12,346	12,018	12,888	12,716	12,376	12,145	-1.9%
11,058	14,411	14,274	14,038	13,665	14,493	14,286	13,904	13,645	-1.9%
15,433	19,066	18,538	18,127	17,441	17,921	17,447	16,875	16,526	-2.1%
23,263	27,462	26,622	25,408	24,346	24,439	23,935	23,120	22,901	-1.0%
13,217	8,338	8,557	9,587	9,332	9,342	12,030	12,753	12,560	-1.5%
15,335	11,047	11,011	12,000	11,681	11,867	15,527	16,421	16,160	-1.6%
22,450	19,635	19,417	20,440	19,692	19,071	19,244	18,685	18,291	-2.2%
26,595	26,341	26,365	26,815	25,697	24,633	24,809	24,132	24,101	-0.1%
			11,492	11,186	10,901	10,625	10,442	10,430	-0.1%
			13,861	13,492	13,148	12,866	12,725	12,670	-0.4%
			29,002	28,026	27,532	26,725	18,787	18,392	-2.1%
			34,298	32,981	33,464	32,325	31,815	31,596	-0.7%

In Nunavut, all four household types experienced a slight decrease: 0.1 percent for the single employable, 0.4 percent for the disabled person and 0.7 percent for the couple and 2.1 percent for the single parent. This reflects the increasing cost of living that was not sufficiently compensated by the increase to one component of provincial welfare rates in June 2004. Nunavut reduced its contribution to the income of the two families on welfare by clawing back the value of the supplement to the National Child Benefit. The supplement was slightly less than the supplement to families in other jurisdictions due to higher family welfare incomes in Nunavut. As a result, the territorial clawback was slightly smaller.

THE LONGER VIEW

Over the longer term, cuts rather than increases in welfare benefits have been the order of the day in most provinces and territories. Deliberate cuts from time to time, combined with the lack of annual cost-of-living adjustments in welfare rates, have resulted in falling incomes year after year. Many of the provincial and territorial benefits shown in the previous table for 2004 were all-time lows since the National Council of Welfare started doing calculations in 1986 and 1989.

Table 4.2 illustrates the extent of the cuts that welfare recipients have suffered in recent years. For each of the four household types in each jurisdiction, it identifies the year in which provincial or territorial benefits were at their peak and the amount of benefits received in the peak year. The table then shows the comparable provincial and territorial benefits received in 2004 and the losses over time in both dollar and percentage terms.

For example, a single employable person in Prince Edward Island got provincial benefits of \$10,039 in the peak year of 1986 and a comparable benefit of \$5,988 in 2004. That represented a loss in dollars of \$4,051 or a drop in income of 67.7 percent.

All the dollar amounts in Table 4.2 are in 2004 constant dollars to factor out the effects of inflation.

Some of the biggest losses in the table were among the single parents and two-parent families with children. Some of the losses relate directly to provincial and territorial clawbacks of the National Child Benefit Supplement. The losses due to the clawback were offset at least in part by increases in the NCB supplement from the federal government.

Two shocking facts are evident in the table. The first is that the vast majority of benefits peaked many years ago. Forty of the 52 yearly calculations in the table had peak years in 1994 or earlier. That suggests that the notion of keeping welfare recipients very poor is deeply ingrained in the modern-day political psyche almost everywhere in Canada.

TABLE 4.2: PEAK WELFARE RATES AND 2004 RATES

	Peak Year	Peak Amount	2004 Amount	Dollar Change from Peak to 2004	Percentage Change from Peak to 2004
NEWFOUNDLAND AND LABRADOR					
Single Employable	2002	\$7,517	\$7,180	-\$337	-4.7%
Person with a Disability	1989	\$10,508	\$8,680	-\$1,828	-21.1%
Single Parent, One Child	1992	\$13,953	\$11,761	-\$2,192	-18.6%
Couple, Two Children	1986	\$15,676	\$12,658	-\$3,018	-23.8%
PRINCE EDWARD ISLAND					
Single Employable	1986	\$10,039	\$5,988	-\$4,051	-67.7%
Person with a Disability	1989	\$11,311	\$8,964	-\$2,347	-26.2%
Single Parent, One Child	1986	\$13,838	\$10,077	-\$3,761	-37.3%
Couple, Two Children	1992	\$20,314	\$15,101	-\$5,213	-34.5%
NOVA SCOTIA					
Single Employable	1989	\$8,232	\$4,992	-\$3,240	-64.9%
Person with a Disability	1989	\$10,836	\$8,592	-\$2,244	-26.1%
Single Parent, One Child	1989	\$13,171	\$9,217	-\$3,954	-42.9%
Couple, Two Children	1989	\$16,755	\$12,784	-\$3,971	-31.1%
NEW BRUNSWICK					
Single Employable	1989	\$3,937	\$3,168	-\$769	-24.3%
Person with a Disability	1989	\$10,315	\$6,696	-\$3,619	-54.1%
Single Parent, One Child	1997	\$11,395	\$9,922	-\$1,473	-14.8%
Couple, Two Children	1998	\$12,998	\$11,328	-\$1,670	-14.7%
QUEBEC					
Single Employable	1993	\$7,491	\$6,669	-\$822	-12.3%
Person with a Disability	1994	\$9,884	\$9,645	-\$239	-2.5%
Single Parent, One Child	1994	\$14,087	\$10,910	-\$3,177	-29.1%
Couple, Two Children	1993	\$16,744	\$12,738	-\$4,006	-31.5%

TABLE 4.2: PEAK WELFARE RATES AND 2004 RATES

	Peak Year	Peak Amount	2004 Amount	Dollar Change from Peak to 2004	Percentage Change from Peak to 2004
ONTARIO					
Single Employable	1992	\$10,200	\$6,753	-\$3,447	-51.0%
Person with a Disability	1992	\$14,082	\$11,686	-\$2,396	-20.5%
Single Parent, One Child	1992	\$18,462	\$10,784	-\$7,678	-71.2%
Couple, Two Children	1992	\$24,167	\$13,044	-\$11,123	-85.3%
MANITOBA					
Single Employable	1992	\$8,605	\$5,572	-\$3,033	-54.4%
Person with a Disability	1992	\$10,935	\$8,337	-\$2,598	-31.2%
Single Parent, One Child	1992	\$13,230	\$9,636	-\$3,594	-37.3%
Couple, Two Children	1992	\$22,105	\$14,151	-\$7,954	-56.2%
SASKATCHEWAN					
Single Employable	1993	\$7,050	\$5,955	-\$1,095	-18.4%
Person with a Disability	1989	\$11,088	\$8,714	-\$2,374	-27.2%
Single Parent, One Child	1986	\$13,942	\$9,068	-\$4,874	-53.7%
Couple, Two Children	1986	\$19,558	\$12,941	-\$6,617	-51.1%
ALBERTA					
Single Employable	1986	\$9,669	\$4,824	-\$4,845	-100.4%
Person with a Disability	1991	\$8,353	\$7,620	-\$733	-9.6%
Single Parent, One Child	1986	\$14,157	\$8,784	-\$5,373	-61.2%
Couple, Two Children	1986	\$21,049	\$13,271	-\$7,778	-58.6%
BRITISH COLUMBIA					
Single Employable	1994	\$8,084	\$6,230	-\$1,854	-29.8%
Person with a Disability	1994	\$11,371	\$9,547	-\$1,824	-19.1%
Single Parent, One Child	1994	\$14,574	\$10,311	-\$4,262	-41.3%
Couple, Two Children	1994	\$18,584	\$12,447	-\$6,137	-49.3%

TABLE 4.2: PEAK WELFARE RATES AND 2004 RATES

	Peak Year	Peak Amount	2004 Amount	Dollar Change from Peak to 2004	Percentage Change from Peak to 2004
YUKON					
Single Employable	2001	\$12,888	\$12,145	-\$743	-6.1%
Person with a Disability	2001	\$14,493	\$13,645	-\$848	-6.2%
Single Parent, One Child	1997	\$19,066	\$16,526	-\$2,540	-15.4%
Couple, Two Children	1997	\$27,462	\$22,901	-\$4,561	-19.9%
NORTHWEST TERRITORIES					
Single Employable	1993	\$13,836	\$12,560	-\$1,276	-10.2%
Person with a Disability	2003	\$16,421	\$16,160	-\$261	-1.6%
Single Parent, One Child	1993	\$23,457	\$18,291	-\$5,166	-28.2%
Couple, Two Children	1993	\$27,760	\$24,101	-\$3,660	-15.2%
NUNAVUT					
Single Employable	1999	\$11,492	\$10,430	-\$1,062	-10.2%
Person with a Disability	1999	\$13,861	\$12,670	-\$1,191	-9.4%
Single Parent, One Child	1999	\$29,002	\$18,392	-\$10,610	-57.7%
Couple, Two Children	1999	\$34,298	\$31,596	-\$2,702	-8.6%

The second shocking fact concerns the size of the cuts in provincial and territorial benefits. Welfare recipients have always been among the poorest of the poor in Canada, yet they have seen their welfare benefits decline by substantial amounts over the years. The harshest loss in dollar terms was \$11,123 for the couple with two children in Ontario between 1992 and 2004. The sharpest drop in percentage terms was 100.4 percent for the single employable person in Alberta between 1986 and 2004.

There were losses of \$4,000 or more for 15 cases of the households in Table 4.2, and losses of 30 percent or more in 23 cases of the households. Most Canadians would find it difficult to cope if they lost \$4,000 or 30 percent of their incomes. Coping is even harder for Canadians at the bottom end of the income ladder given their already meagre income.

Some of the smaller losses in the table were in Newfoundland, New Brunswick and Quebec, three provinces that traditionally had low welfare rates. Some of the other smaller losses occurred in the North, where the cost of living and welfare rates have both been relatively high.

THE EFFECTS OF THE CLAWBACK

Over the longer term, the clawback of the National Child Benefit Supplement has had perverse effects on total welfare incomes. As the NCBS increased year by year, the amount of money clawed back by provinces and territories also increased and the portion of welfare incomes actually paid by provincial and territorial governments decreased.

In effect, the clawback was a back-door way of transferring money from the federal government to the provinces and territories to help defray the costs of welfare. Under those conditions, provinces and territories had absolutely no incentive to put in any more of their own money by way of increases in welfare rates.

Figures 4.1 through 4.26 show the shifts in funding patterns for welfare over the years, particularly since the start of the National Child Benefit in 1998. The federal contribution to total welfare incomes through federal child benefits and GST/HST Credit, represented by the black portion of each of the bars in the charts, got progressively and more noticeably larger starting in 1998. Provincial and territorial contributions to total welfare incomes, represented by the white portion of each of the bars, got smaller and smaller. With few exceptions, the result has been that welfare recipients – the poorest of Canada's poor – have seen their total incomes stagnate or decline.

The National Child Benefit was launched on July 1, 1998, and 1999 was the first full year for the new system of child benefits. In most provinces and territories, the federal share of welfare incomes for the couple with two children rose from \$4,329 in 1999 to \$5,811 in 2004, an increase of 34 percent or \$1,482 after adjusting for inflation. Most of the increase was due to increases in child benefits and a bit to increases in the GST/HST Credit. The increases in Alberta and the three territories were comparable in size, even if slightly smaller.

Meanwhile, there were freezes and cuts in the benefits provided by provincial and territorial governments that more or less offset the increases from the federal government.

Two-parent families with children on welfare in Nova Scotia, Ontario, Saskatchewan, Alberta, British Columbia, and the three territories wound up with lower total incomes in 2004 than they had in 1999. Couples with children in Newfoundland and Labrador gained \$62, and couples in New Brunswick gained a mere \$27. The increases in the three remaining provinces were more substantial: \$378 in Quebec, \$834 in Prince Edward Island, and \$984 in Manitoba.

The situation was much the same for single parents on welfare. There was a significant increase in federal support and cuts or freezes in provincial and territorial support. Single parents wound up with lower total welfare incomes, with only two exceptions. The single-parent family in Prince Edward Island gained \$380 between 1999 and 2004, and the single parent in Manitoba gained \$325.

All in all, it was a dismal record. Despite all the glowing rhetoric from the federal government about the National Child Benefit and a very real increase in federal funding, the fact remains that many of the families on welfare were worse off in 2004 than they were five years earlier. This was a big step backwards in the fight against child poverty.

Figure 4.1: Newfoundland & Labrador Welfare Income, Single Parent, One Child (2004 dollars)

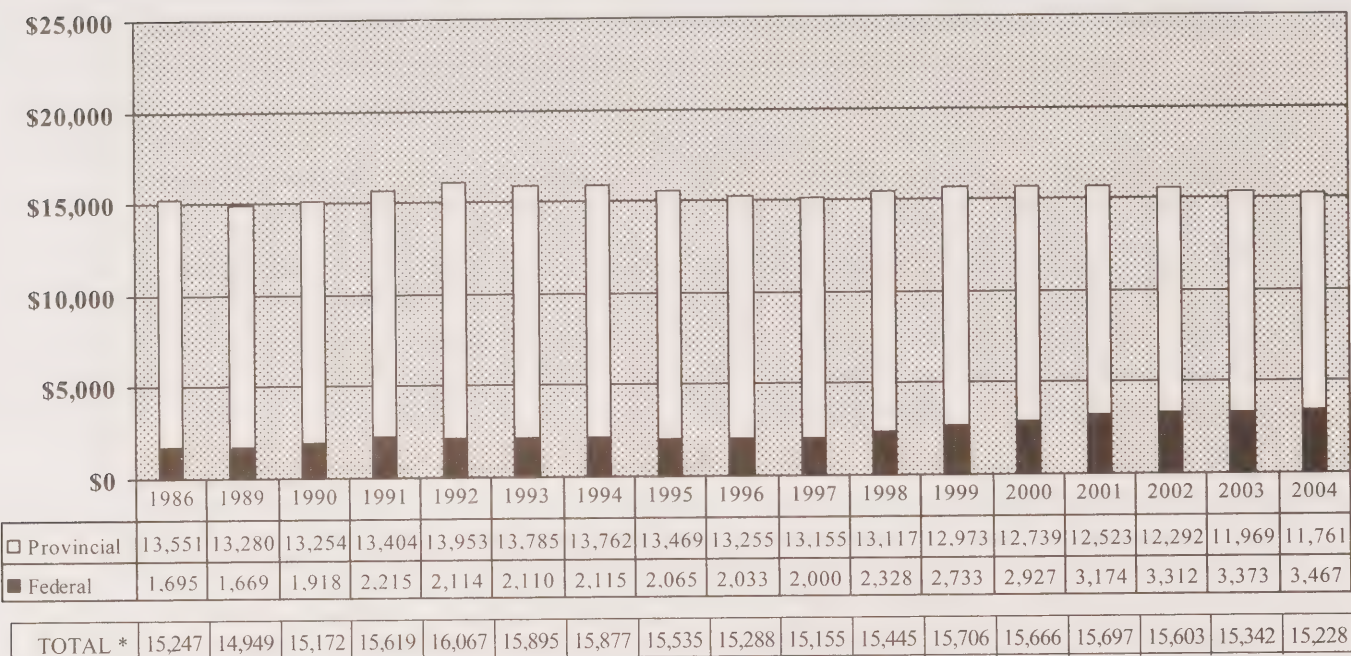
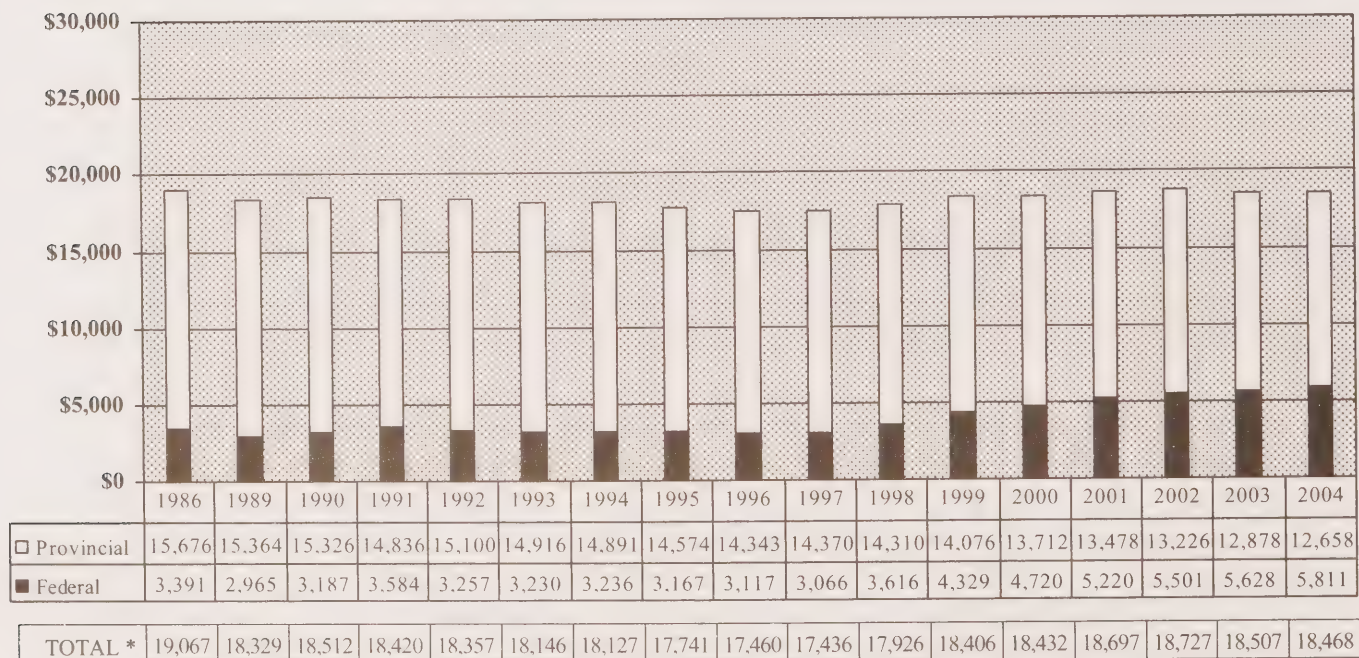
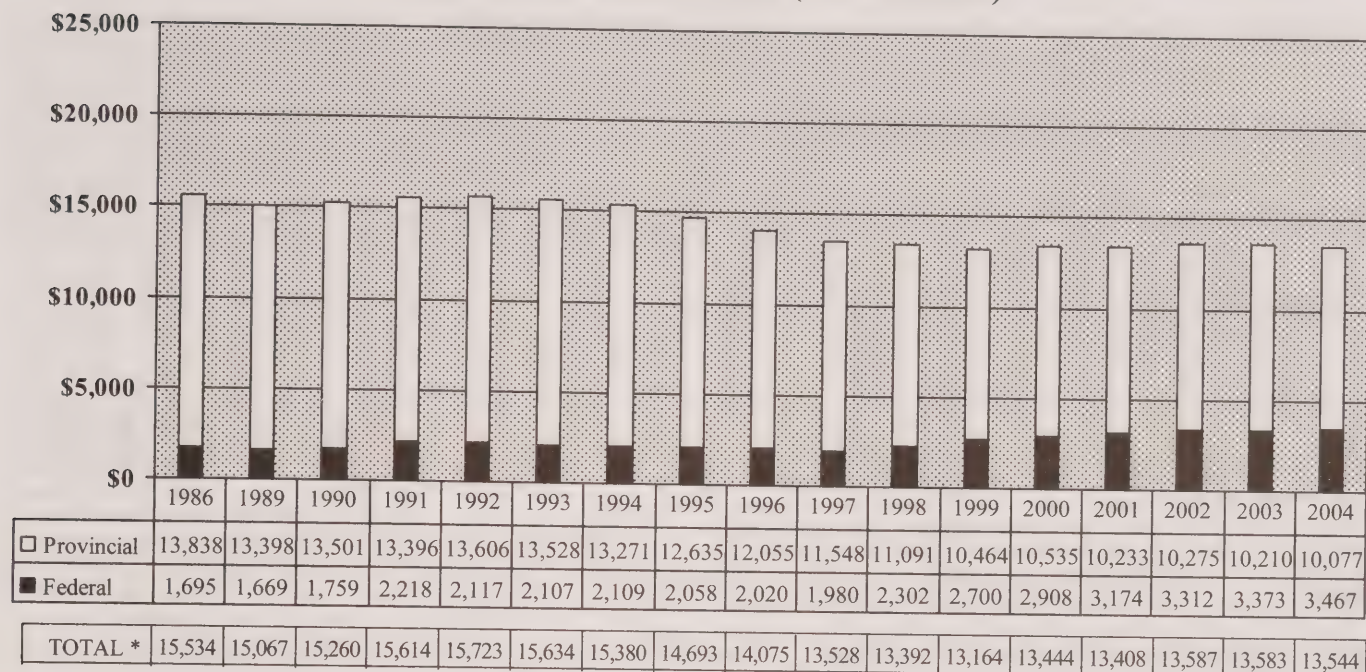


Figure 4.2: Newfoundland & Labrador Welfare Income, Couple, Two Children (2004 dollars)

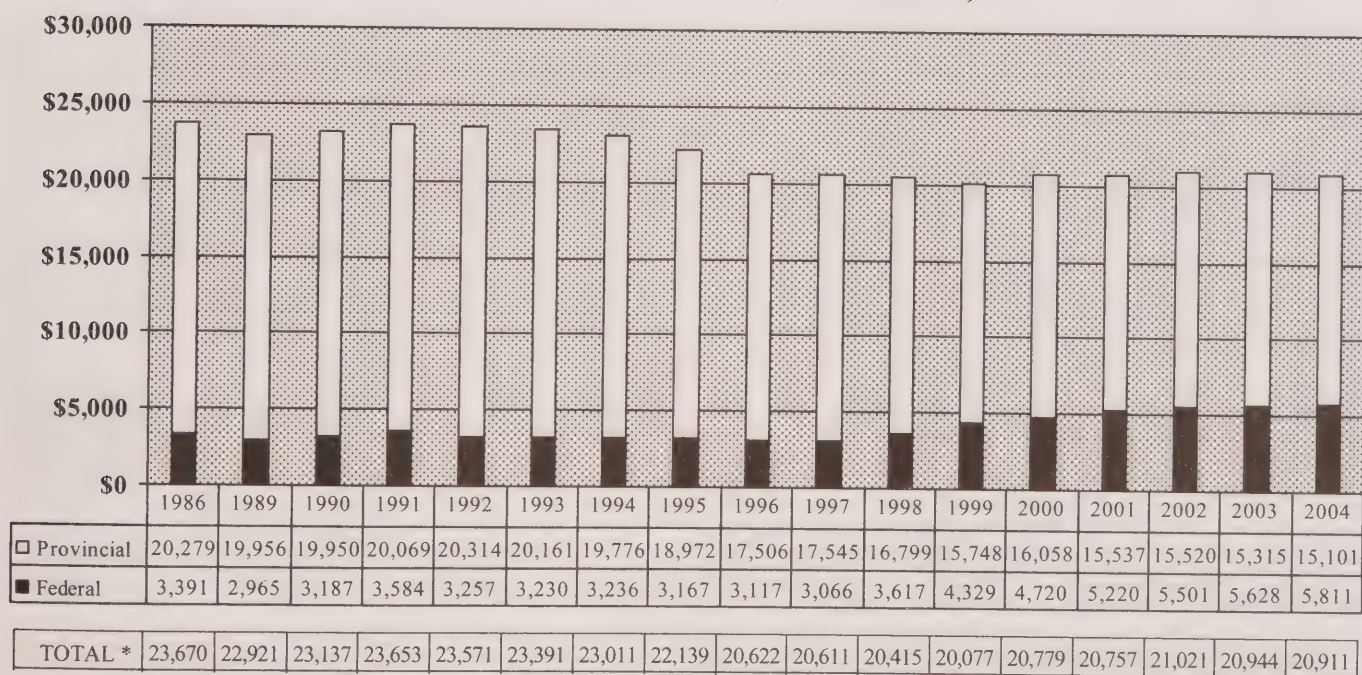


* Due to the effects of rounding, totals may not always add up.

**Figure 4.3: Prince Edward Island Welfare Income,
Single Parent, One Child (2004 dollars)**

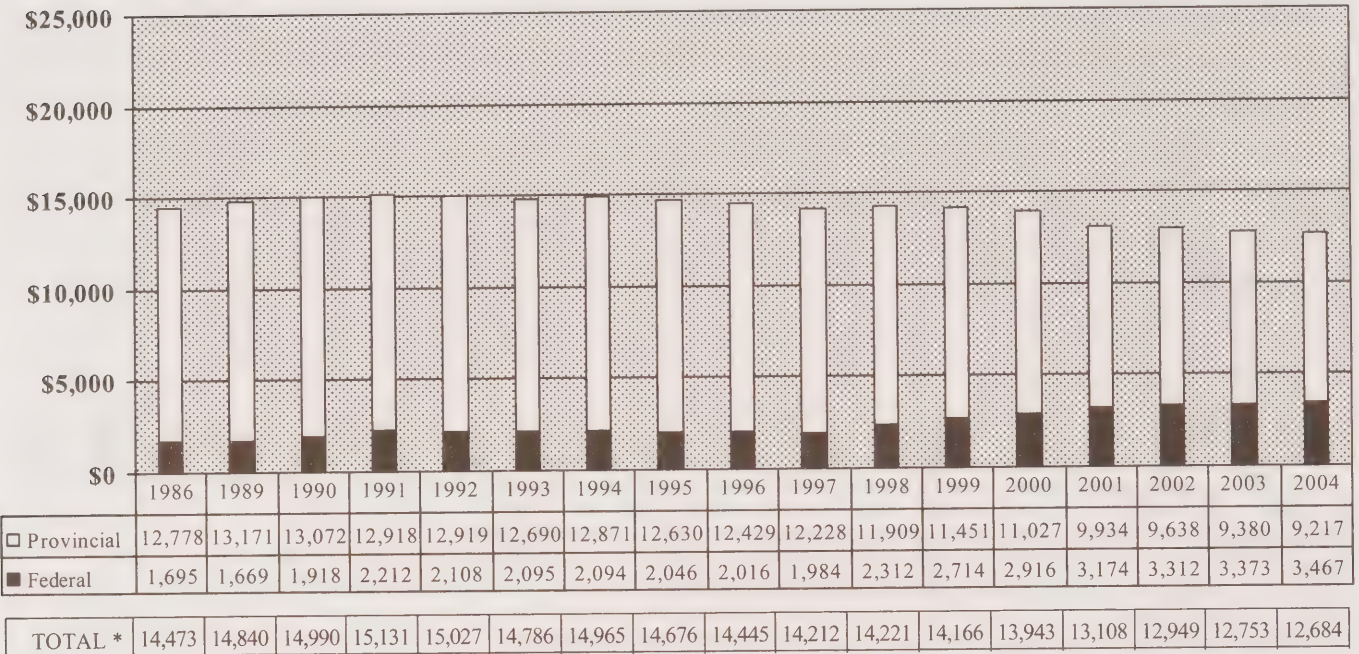


**Figure 4.4: Prince Edward Island Welfare Income,
Couple, Two Children (2004 dollars)**

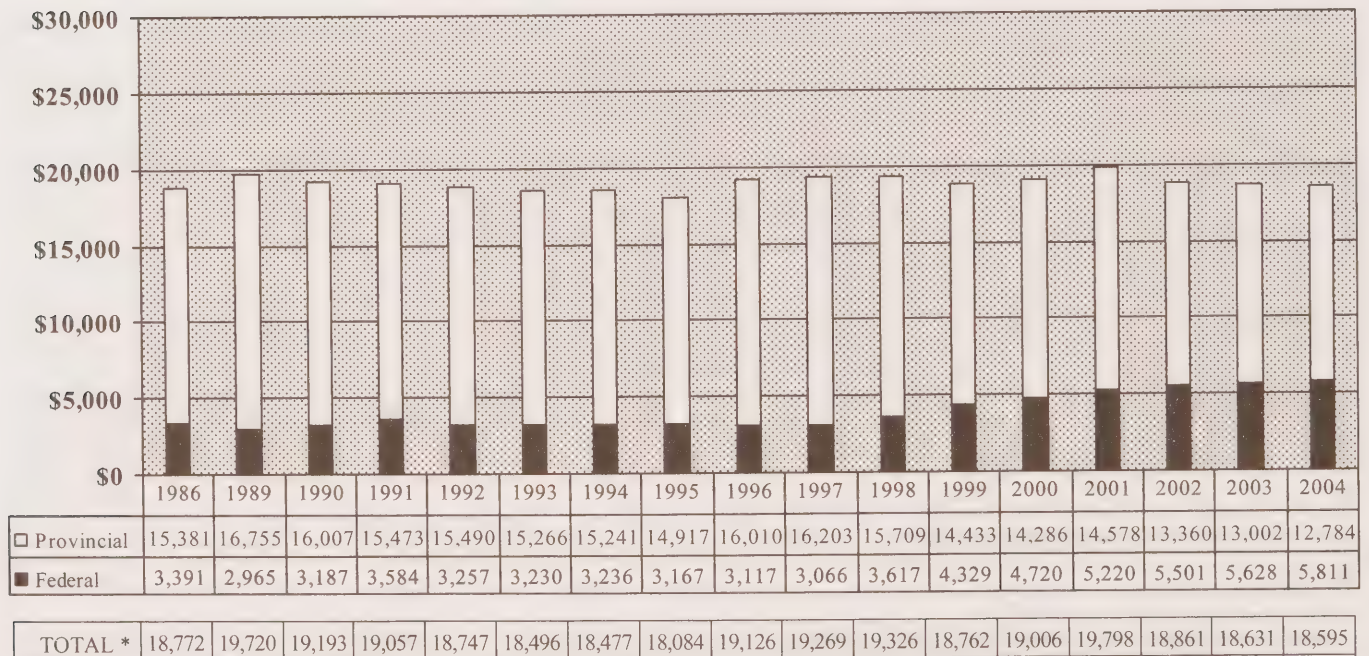


*** Due to the effects of rounding, totals may not always add up.**

**Figure 4.5: Nova Scotia Welfare Income,
Single Parent, One Child (2004 dollars)**

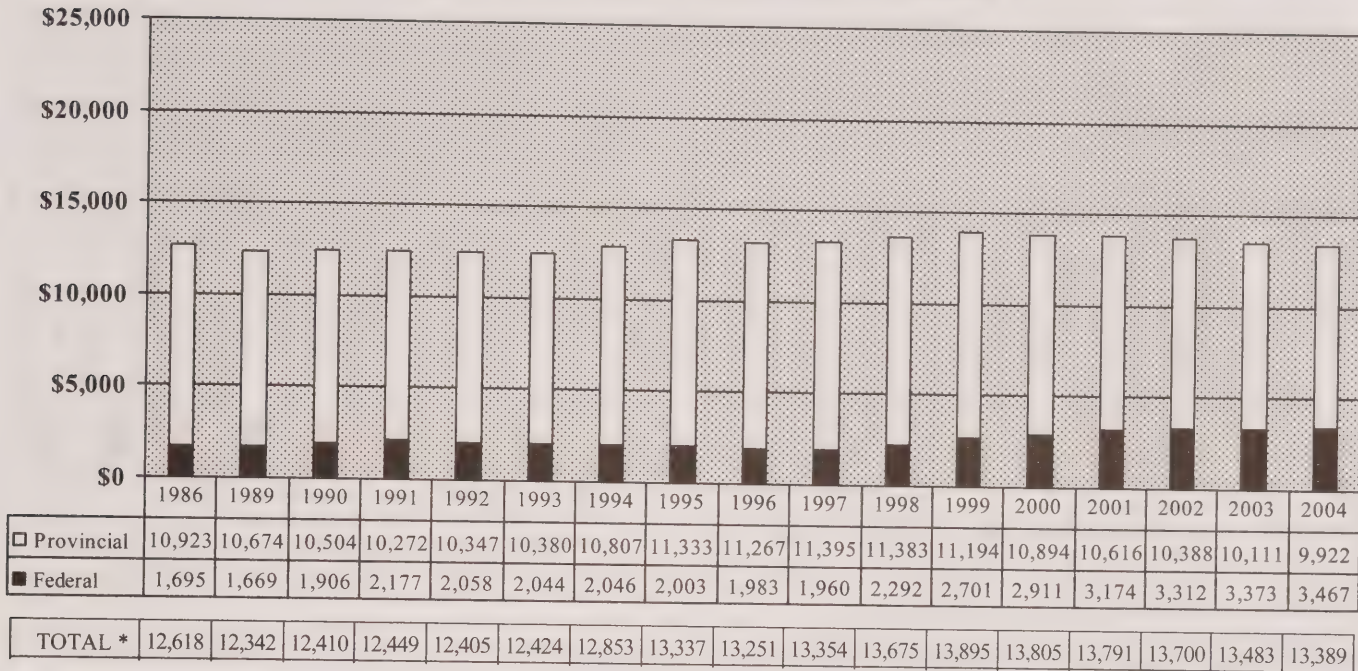


**Figure 4.6: Nova Scotia Welfare Income,
Couple, Two Children (2004 dollars)**

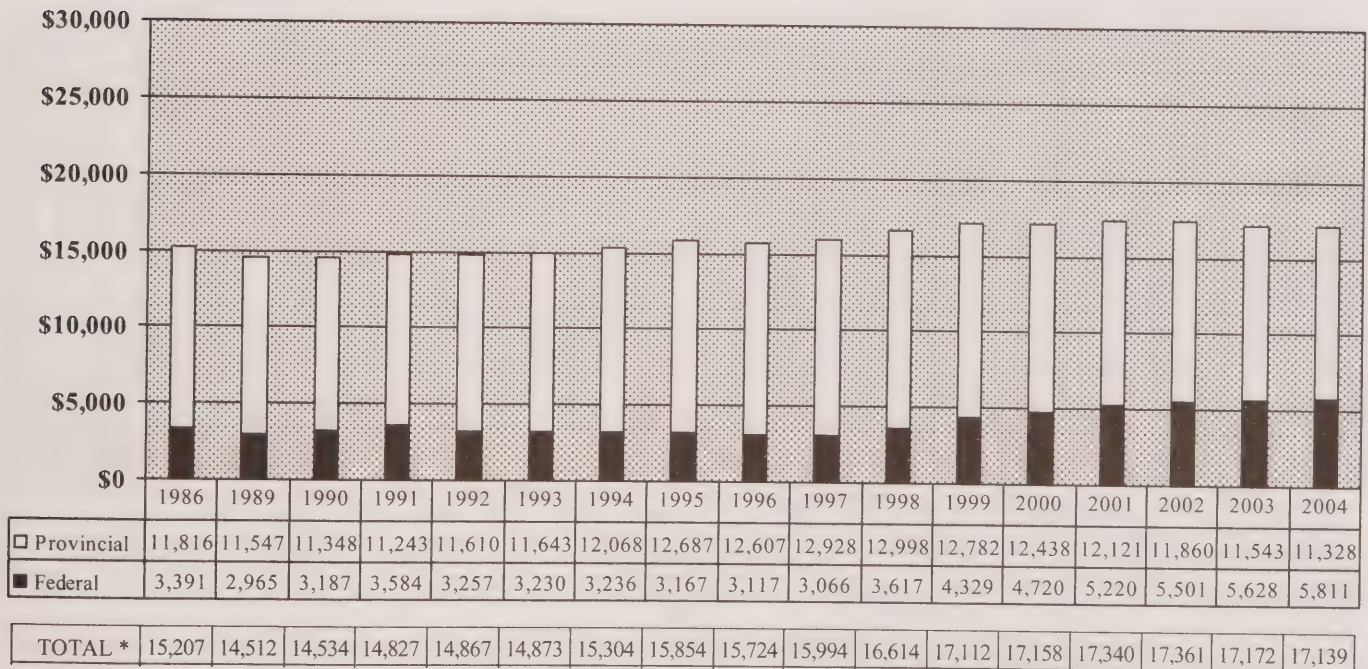


* Due to the effects of rounding, totals may not always add up.

**Figure 4.7: New Brunswick Welfare Income,
Single Parent, One Child (2004 dollars)**

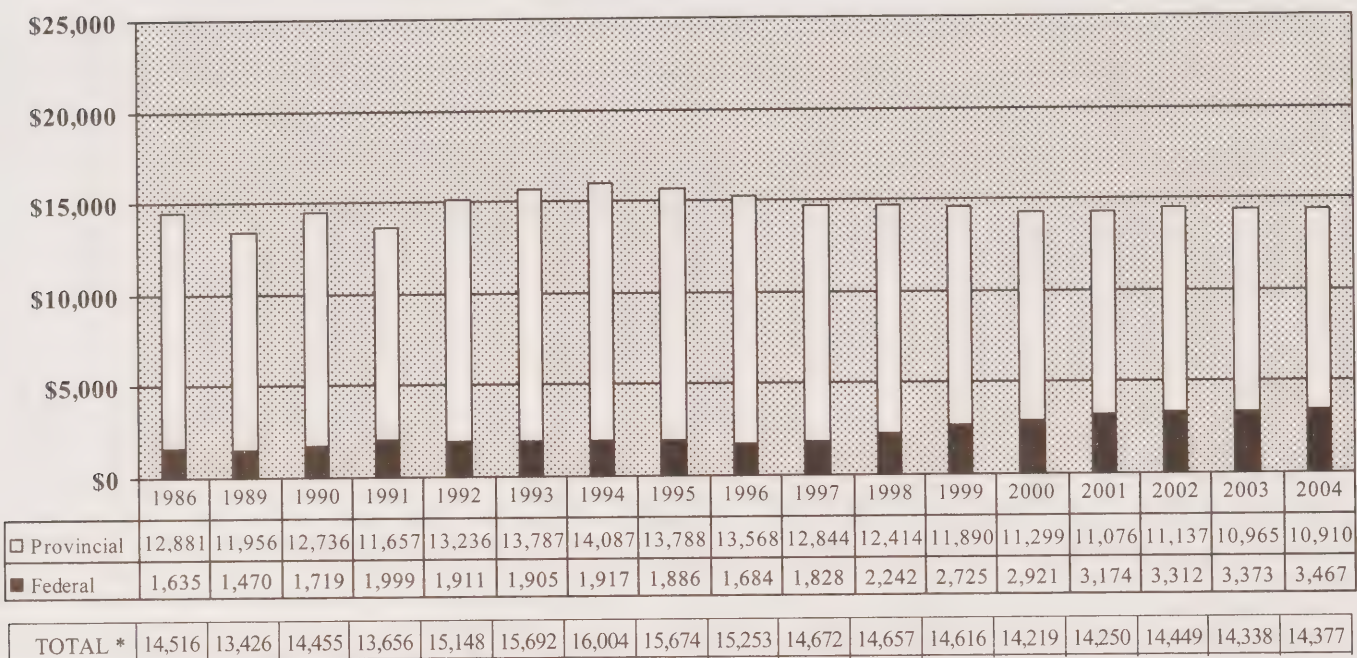


**Figure 4.8: New Brunswick Welfare Income,
Couple, Two Children (2004 dollars)**

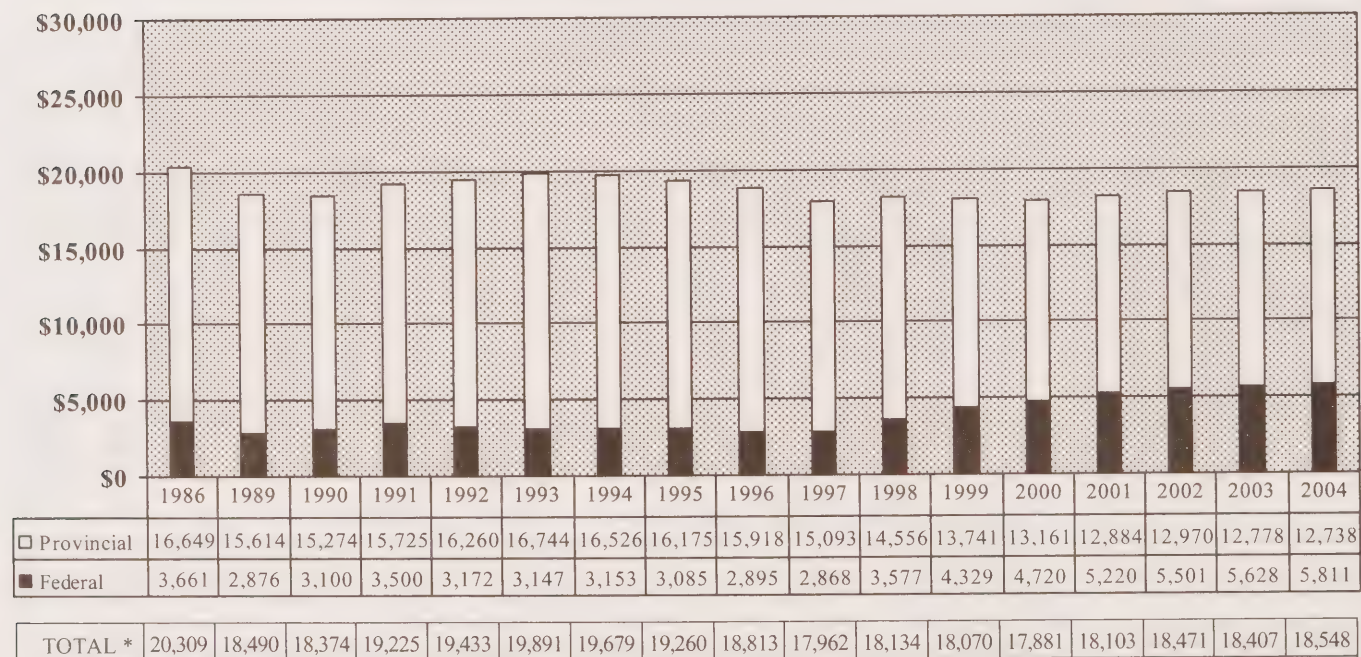


* Due to the effects of rounding, totals may not always add up.

**Figure 4.9: Quebec Welfare Income,
Single Parent, One Child (2004 dollars)**

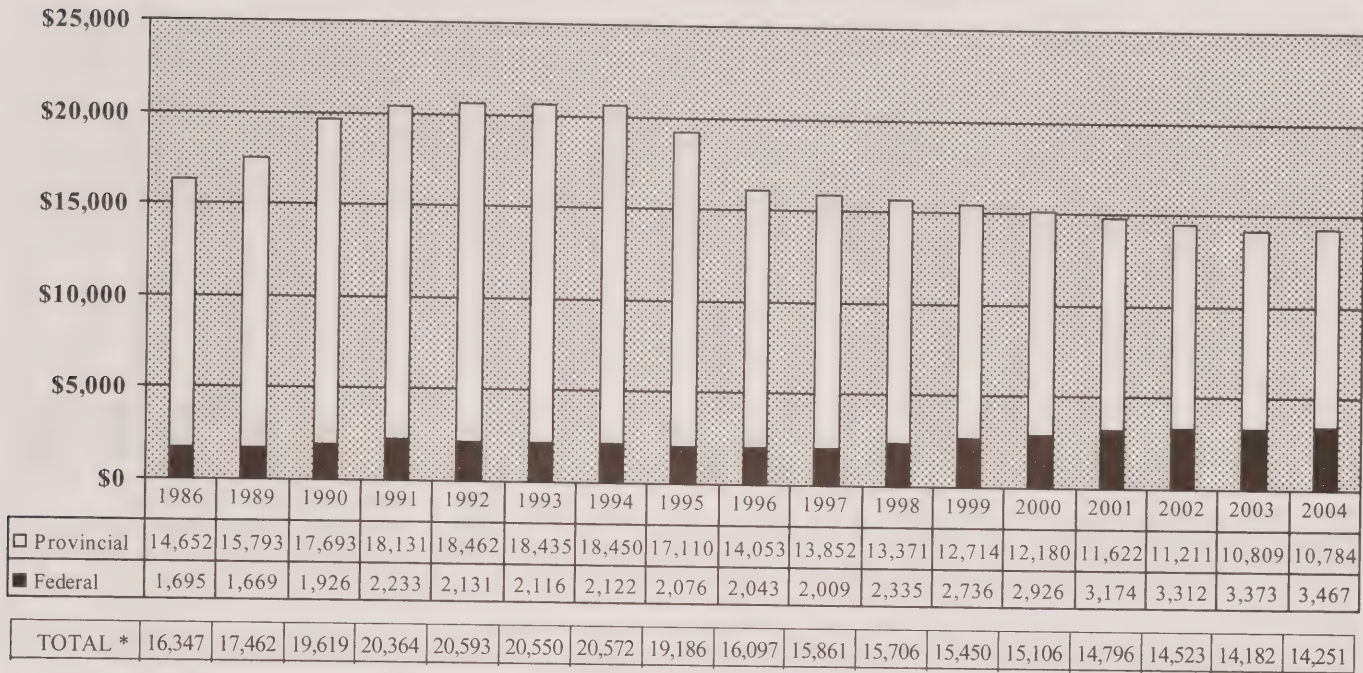


**Figure 4.10: Quebec Welfare Income,
Couple, Two Children (2004 dollars)**

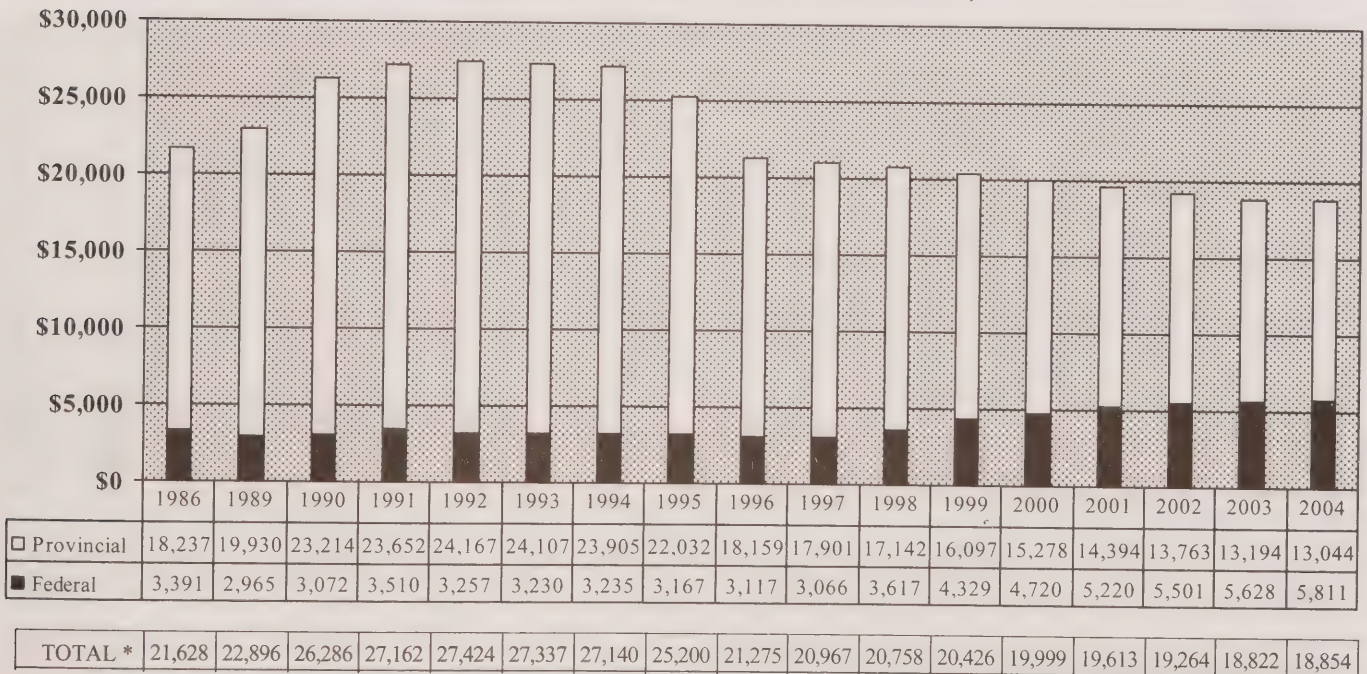


*** Due to the effects of rounding, totals may not always add up.**

**Figure 4.11: Ontario Welfare Income,
Single Parent, One Child (2004 dollars)**

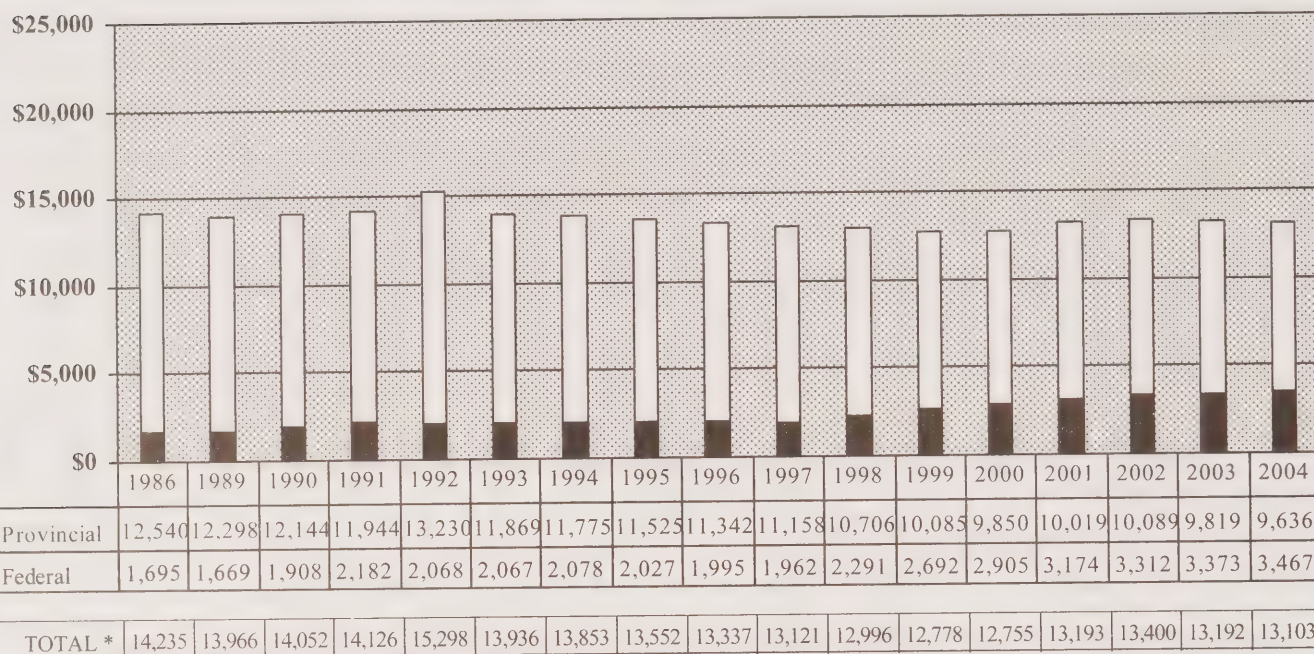


**Figure 4.12: Ontario Welfare Income,
Couple, Two Children (2004 dollars)**

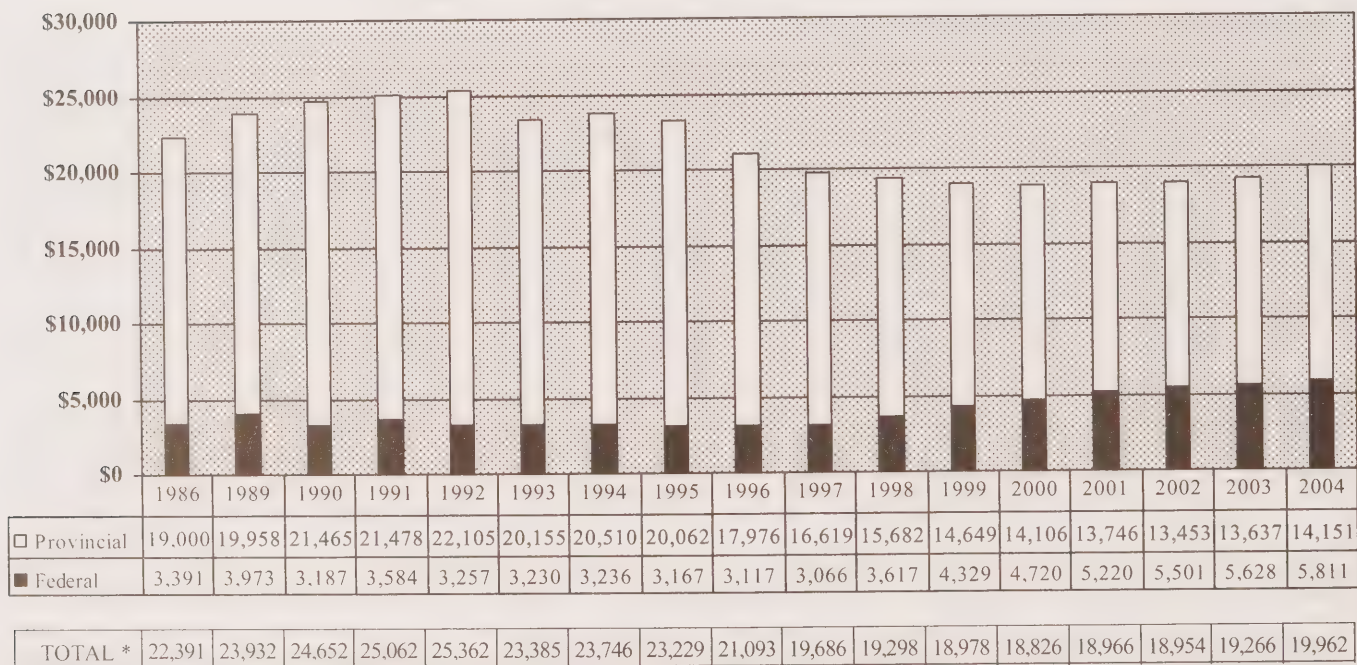


* Due to the effects of rounding, totals may not always add up.

**Figure 4.13: Manitoba Welfare Income,
Single Parent, One Child (2004 dollars)**

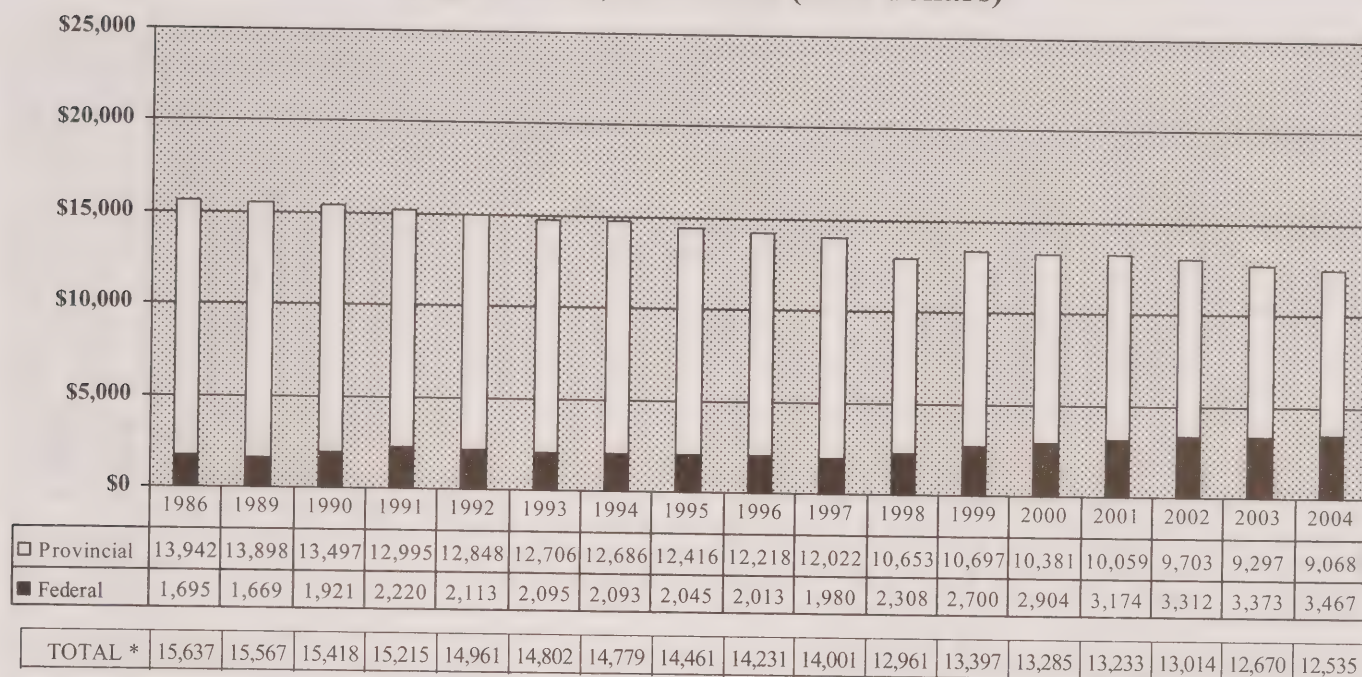


**Figure 4.14: Manitoba Welfare Income,
Couple, Two Children (2004 dollars)**

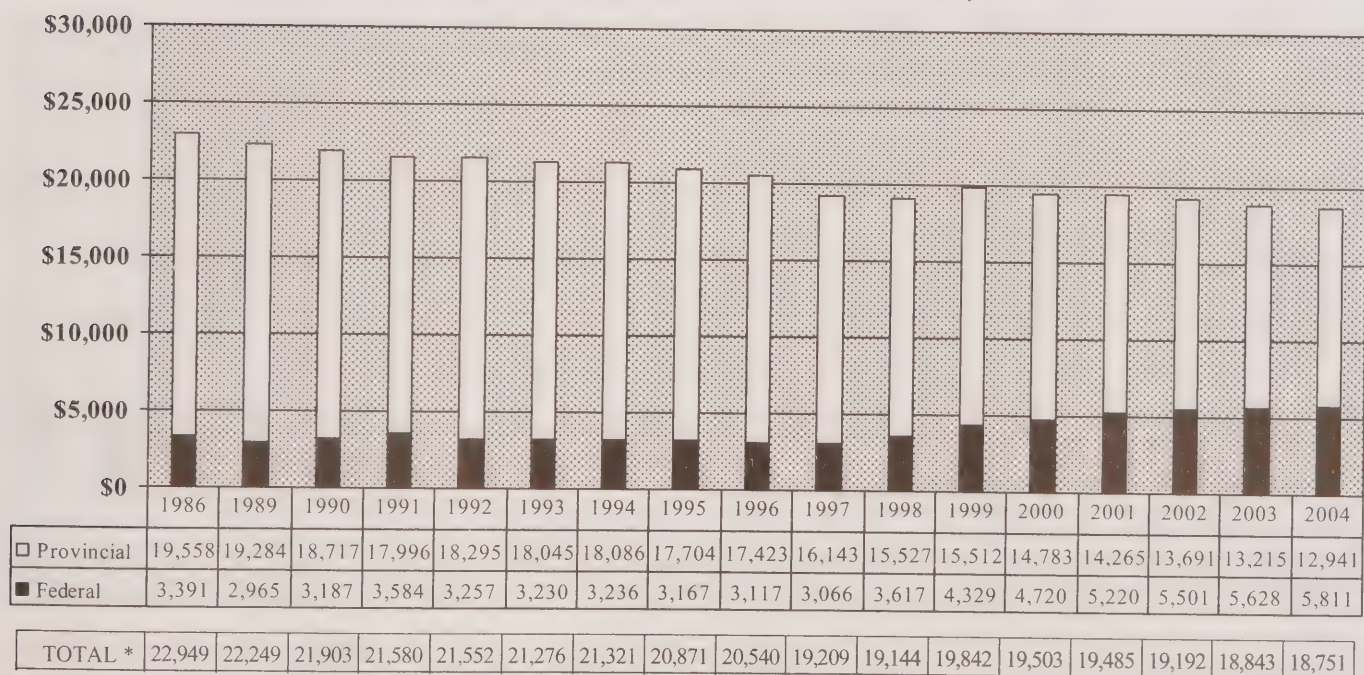


* Due to the effects of rounding, totals may not always add up.

**Figure 4.15: Saskatchewan Welfare Income,
Single Parent, One Child (2004 dollars)**

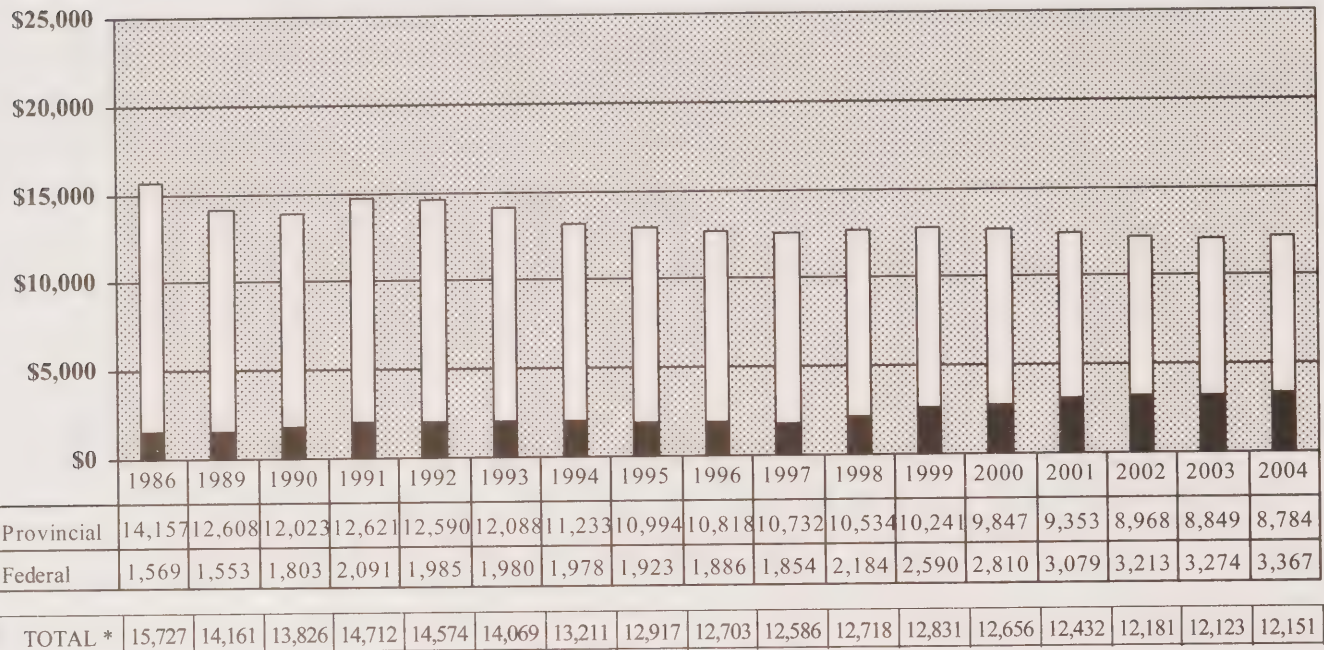


**Figure 4.16: Saskatchewan Welfare Income,
Couple, Two Children (2004 dollars)**

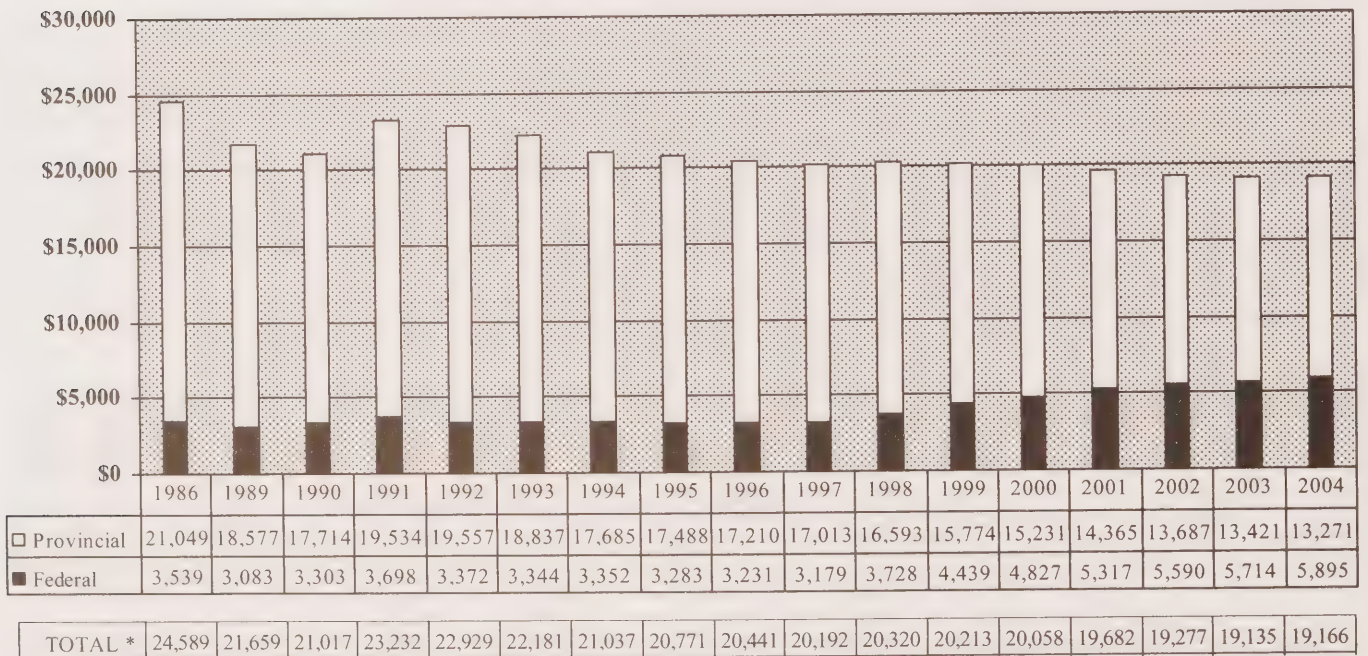


* Due to the effects of rounding, totals may not always add up.

**Figure 4.17: Alberta Welfare Income,
Single Parent, One Child (2004 dollars)**

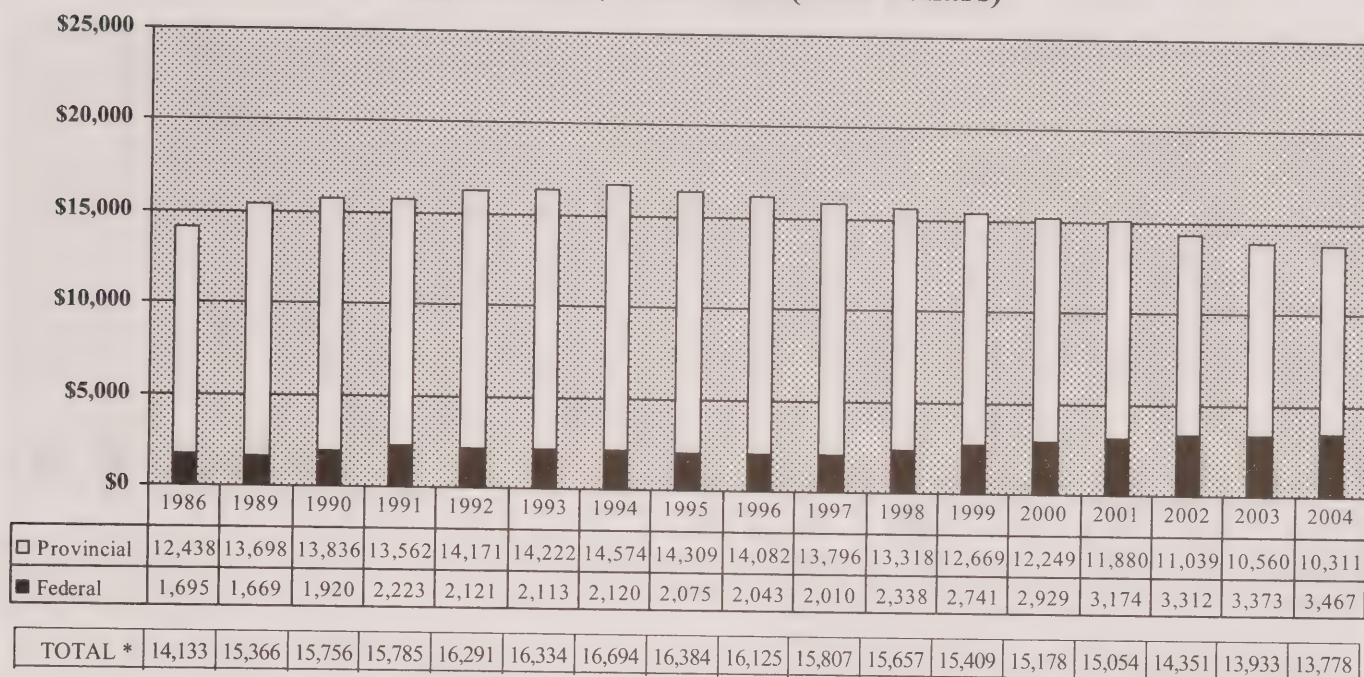


**Figure 4.18: Alberta Welfare Income,
Couple, Two Children (2004 dollars)**

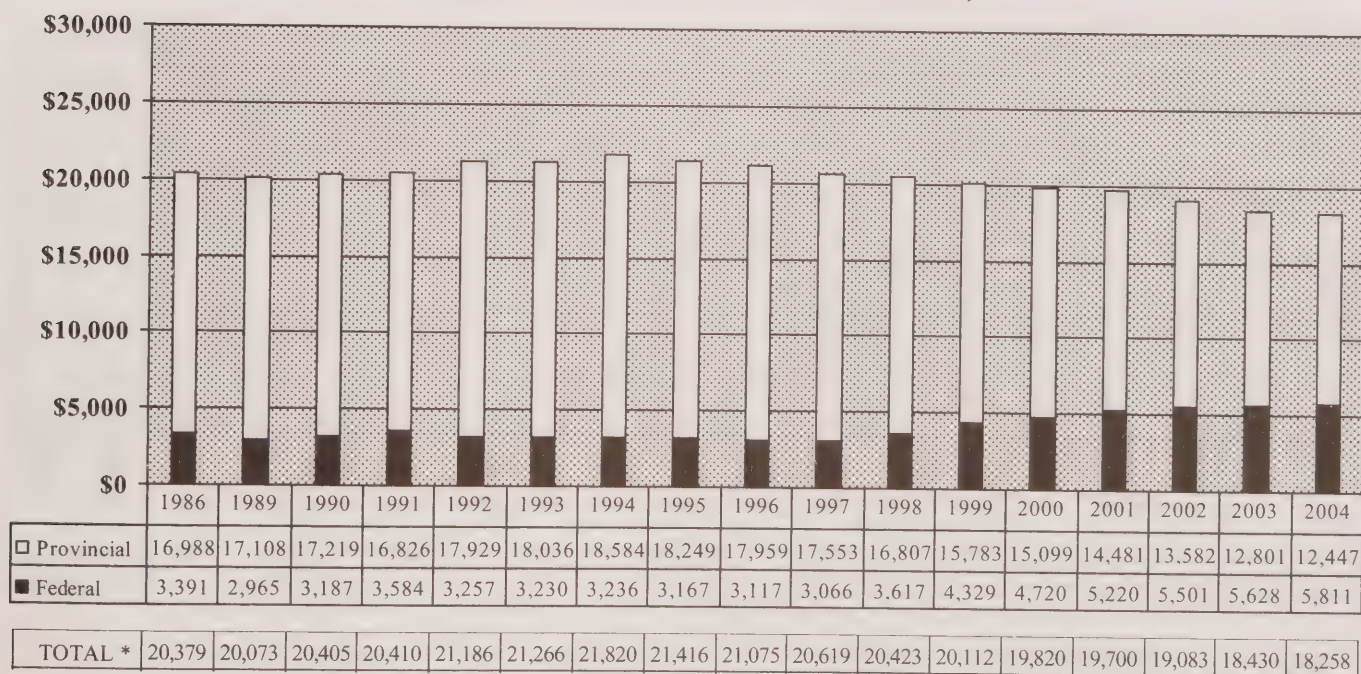


* Due to the effects of rounding, totals may not always add up.

**Figure 4.19: British Columbia Welfare Income,
Single Parent, One Child (2004 dollars)**

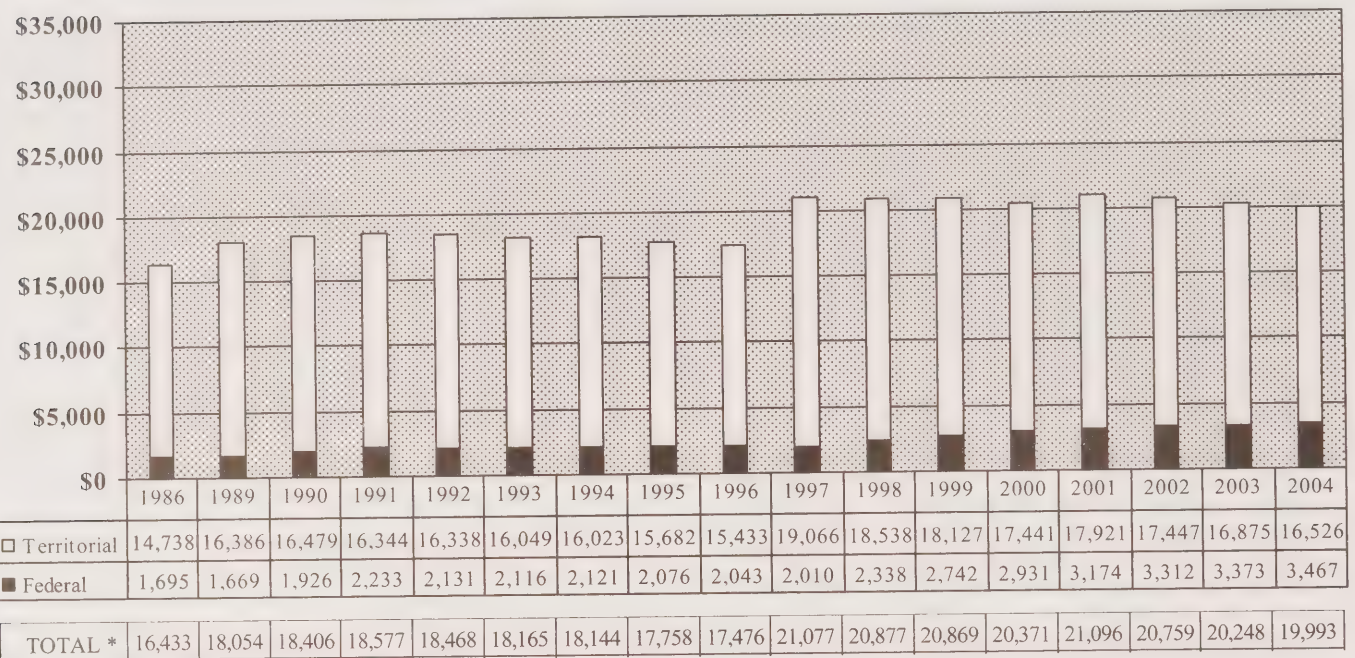


**Figure 4.20: British Columbia Welfare Income,
Couple, Two Children (2004 dollars)**

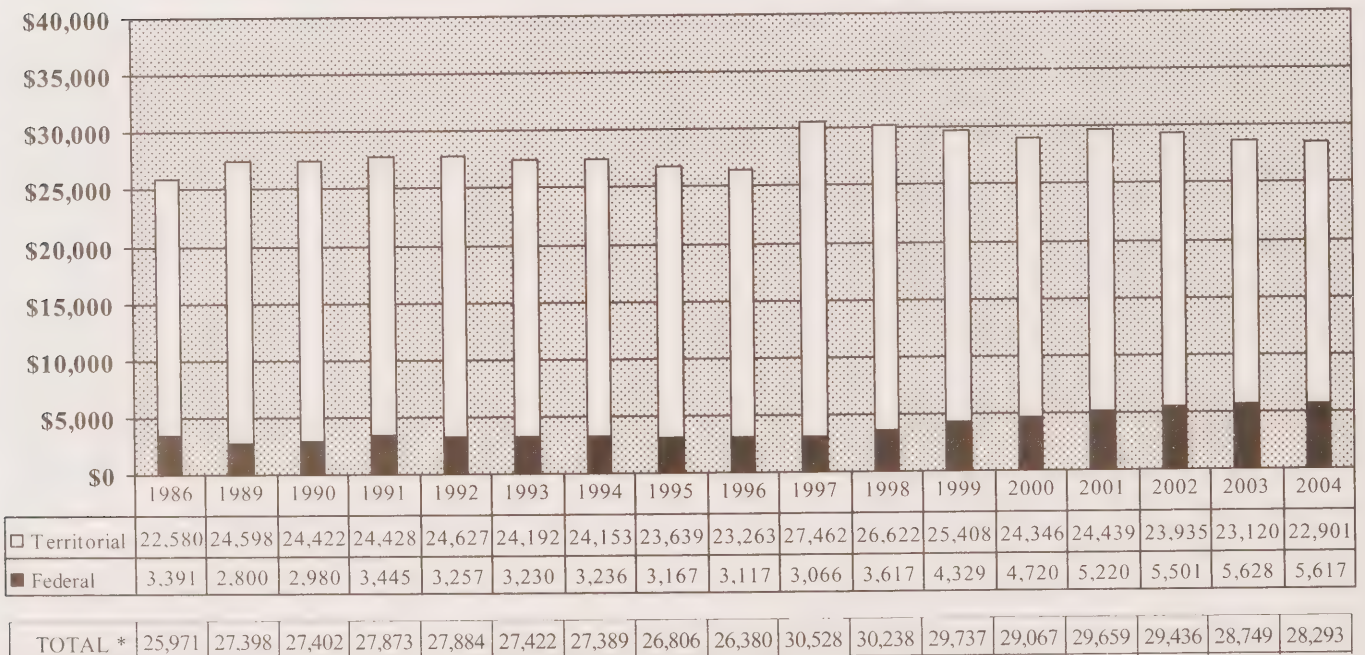


* Due to the effects of rounding, totals may not always add up.

**Figure 4.21: Yukon Welfare Income,
Single Parent, One Child (2004 dollars)**

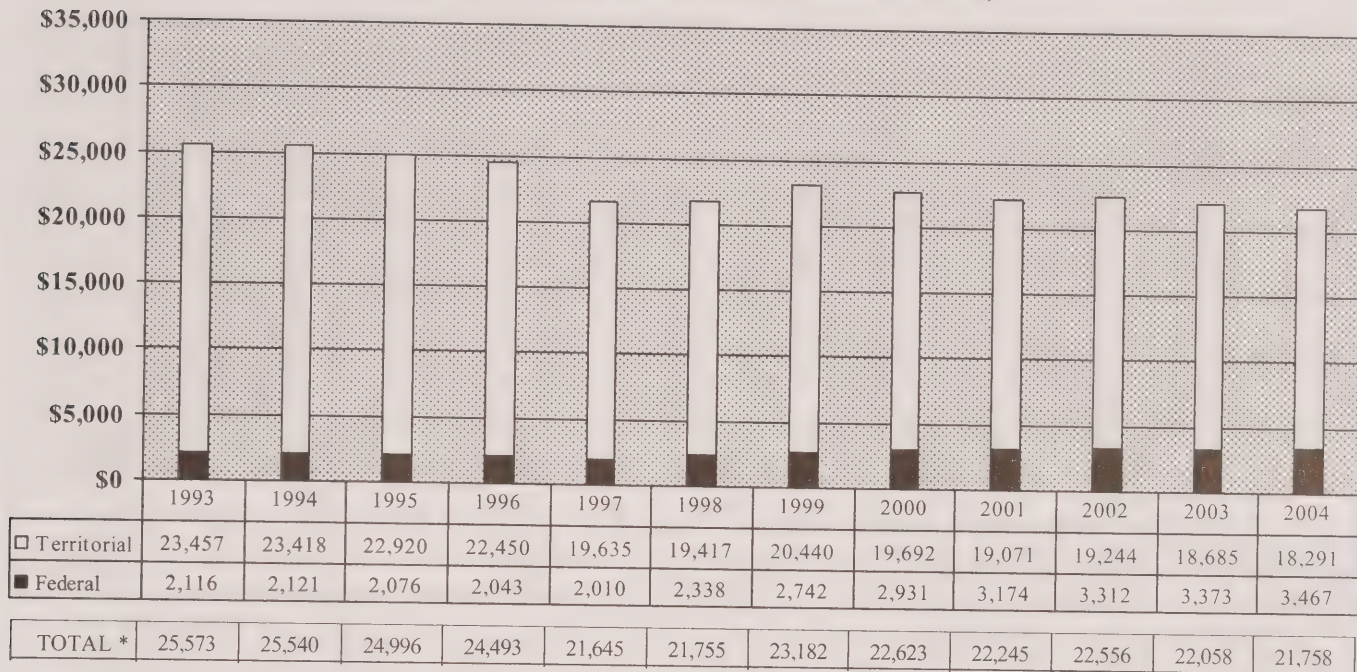


**Figure 4.22: Yukon Welfare Income,
Couple, Two Children (2004 dollars)**

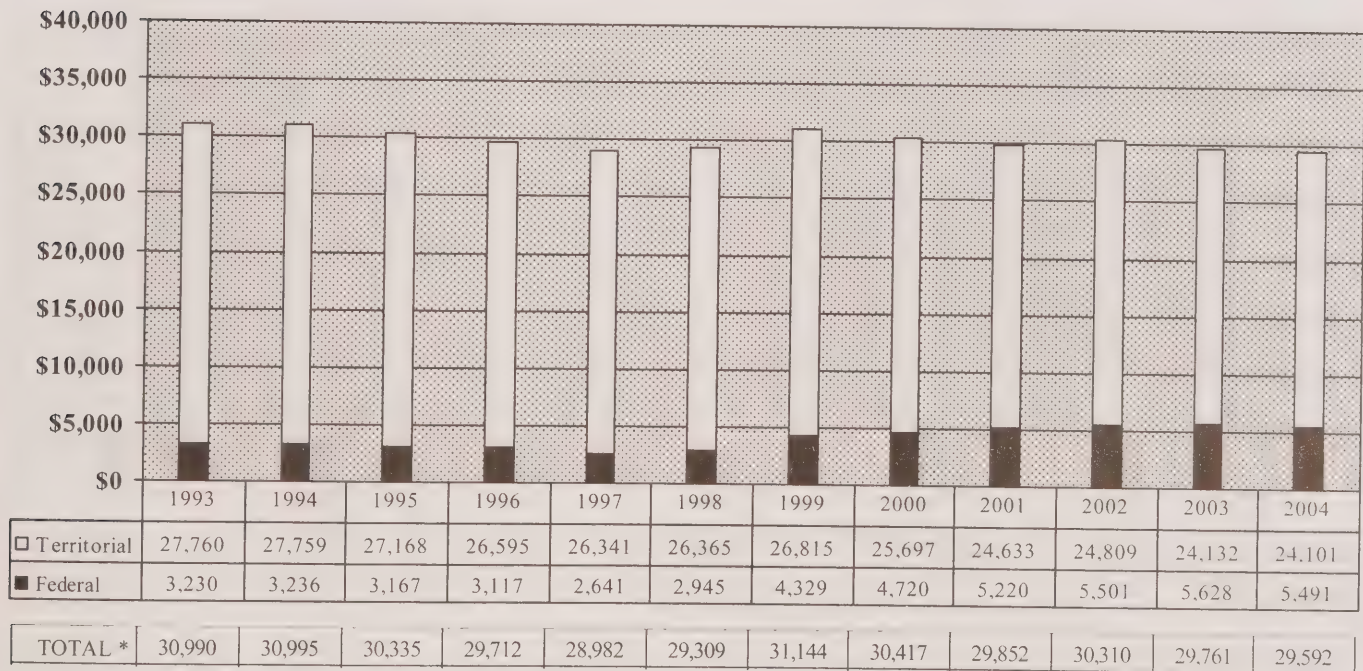


* Due to the effects of rounding, totals may not always add up.

**Figure 4.23: Northwest Territories Welfare Income,
Single Parent, One Child (2004 dollars)**

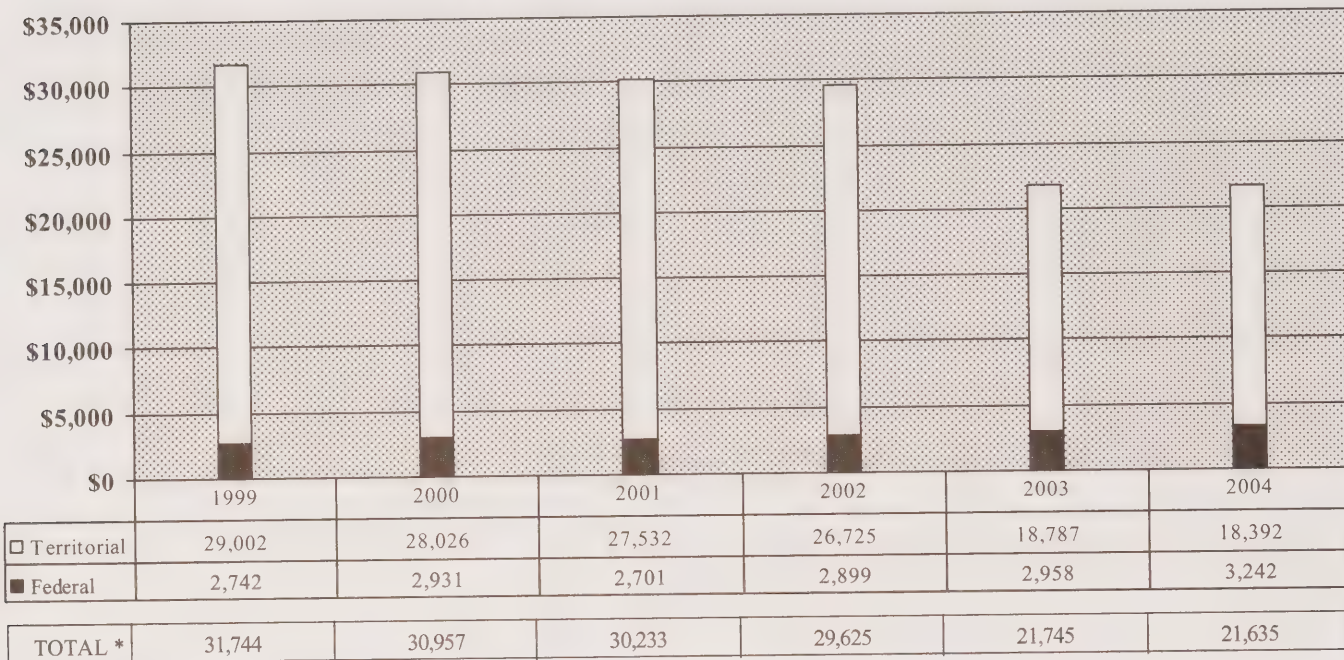


**Figure 4.24: Northwest Territories Welfare Income,
Couple, Two Children (2004 dollars)**

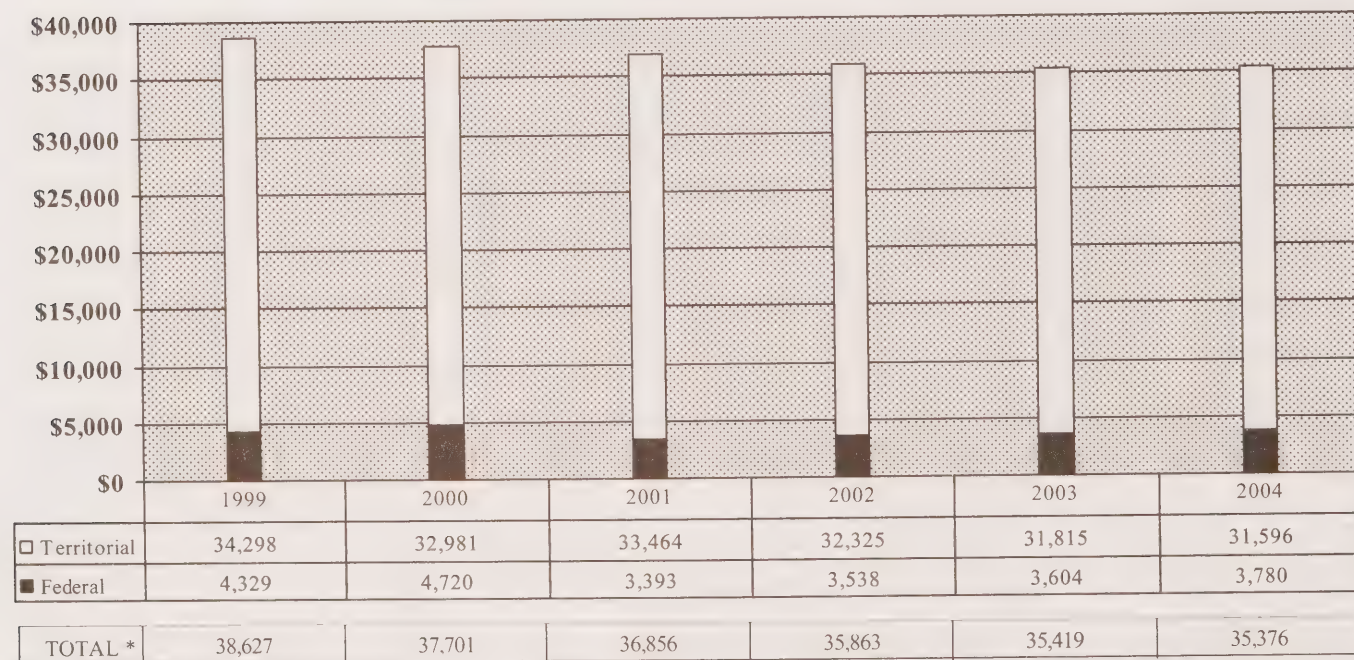


*** Due to the effects of rounding, totals may not always add up.**

**Figure 4.25: Nunavut Welfare Income,
Single Parent, One Child (2004 dollars)**



**Figure 4.26: Nunavut Welfare Income,
Couple, Two Children (2004 dollars)**



*** Due to the effects of rounding, totals may not always add up.**

V. TOTAL WELFARE INCOMES AND POVERTY OVER TIME

Governments used to talk about providing help to people most in need, but they abandoned that approach in the late 1980s and early 1990s as they tried to bring their deficits under control.

Until April 1, 1996, the federal government supported welfare in a cost-sharing arrangement with the provinces and territories through the Canada Assistance Plan or CAP. The federal government started cutting its support for CAP in 1990 and eventually killed it in 1996. CAP was replaced with block funding arrangements and cuts in transfer payments to the provinces and territories at the same time.

Under the current version of block funding, federal money for post-secondary education and welfare comes from a fund known as the Canada Social Transfer. There have been increases in CST funding in recent years, and it appears that the money now is more or less what it was before the worst of the cuts.

It is far from clear, however, how much of the CST money from the federal government is spent on welfare rather than post-secondary education. What is clear is that welfare incomes are far lower in most provinces and territories than they were a decade or so ago.

While the federal government turned its back on welfare, so did many provinces and territories. Some of the cuts were part of larger efforts to control government spending or reduce the size of government. Others were the work of governments that had little use for welfare as the social safety net of last resort. Alberta cut welfare rates in 1993 and made a concerted effort to trim the welfare rolls by making welfare much harder to get. Ontario cut rates in 1995 for all categories of recipients except persons with disabilities and seniors. Many other jurisdictions also cut rates, but often with less fanfare than Alberta and Ontario.

The end result of cuts by both levels of government was lower welfare incomes. Incomes that were never adequate in the first instance now became even less adequate.

Table 5.1 examines the impact these changes had on the adequacy of welfare incomes in the period from 1986 to 2004 by showing total welfare incomes as a percentage of the poverty line. Total welfare incomes include basic social assistance from provincial government, federal and provincial child benefits, GST and HST Credits and provincial tax credits. The territories are not included in the table because they are excluded from the Statistics Canada survey that is used to generate the low income cut-offs. The National Council of Welfare did not include a single person with a disability in its 1986 calculations, so the figures for people with disabilities begin in 1989.

The column on the far right shows the change from 2003 to 2004 in percentage terms. Total welfare incomes as a percentage of the poverty line fell for all four family types in six provinces. They rose by a small amount in Quebec and Ontario. They also rose for three of the four family types in Manitoba and two of the family types in Alberta.

TABLE 5.1: WELFARE INCOME AS PERCENTAGE (%)

	1986	1989	1990	1991	1992	1993	1994	1995
NEWFOUNDLAND AND LABRADOR								
Single Employable	33	32	32	33	32	32	32	32
Person with a Disability		64	63	63	60	60	60	58
Single Parent, One Child	68	66	67	69	74	73	73	71
Couple, Two Children	58	56	56	56	56	56	56	55
PRINCE EDWARD ISLAND								
Single Employable	62	66	60	62	58	58	52	40
Person with a Disability		77	70	70	66	65	65	62
Single Parent, One Child	71	75	69	71	73	72	71	68
Couple, Two Children	74	78	71	73	73	72	71	68
NOVA SCOTIA								
Single Employable	44	50	48	47	43	43	43	42
Person with a Disability		66	66	66	61	60	61	60
Single Parent, One Child	64	66	66	67	69	68	69	67
Couple, Two Children	57	60	58	58	58	57	57	56
NEW BRUNSWICK								
Single Employable	22	24	24	25	23	23	23	22
Person with a Disability		63	62	62	58	58	46	45
Single Parent, One Child	56	55	55	55	57	57	59	61
Couple, Two Children	46	44	44	45	46	46	47	49
QUEBEC								
Single Employable	20	31	38	40	38	38	37	36
Person with a Disability		47	49	53	49	49	50	49
Single Parent, One Child	57	54	58	54	60	62	63	62
Couple, Two Children	54	54	59	52	51	53	52	51

OF THE POVERTY LINE, 1986-2004

1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 2003-2004
18	9	9	9	12	20	44	43	42	-1.8
57	57	57	56	55	54	53	52	51	-1.9
70	70	71	72	72	72	72	70	70	-0.7
54	54	55	57	57	57	58	57	57	-0.2
37	37	36	36	37	36	36	36	36	-1.0
57	56	56	55	55	54	54	54	53	-1.3
65	62	62	61	62	62	63	63	63	-0.3
64	64	63	62	64	64	65	65	65	-0.1
41	31	30	29	29	29	31	30	30	-1.5
59	58	58	57	55	51	53	51	50	-1.7
66	65	65	65	64	60	59	58	58	-0.5
59	59	59	58	58	61	58	57	57	-0.2
22	22	22	22	21	21	20	20	19	-1.7
45	45	45	44	43	42	41	40	39	-1.8
61	61	63	64	63	63	63	62	61	-0.7
48	49	51	53	53	53	53	53	53	-0.2
36	35	34	35	34	34	34	34	34	0.1
49	49	50	50	49	49	49	49	49	0.1
60	58	58	58	56	56	57	57	57	0.3
50	48	48	48	47	48	49	49	49	0.8

TABLE 5.1: WELFARE INCOME AS PERCENTAGE (%)

	1986	1989	1990	1991	1992	1993	1994	1995
ONTARIO								
Single Employable	43	47	52	54	51	51	51	48
Person with a Disability		68	72	75	71	71	71	69
Single Parent, One Child	64	68	76	79	81	81	81	76
Couple, Two Children	58	61	70	72	73	72	72	67
MANITOBA								
Single Employable	43	40	46	46	43	43	40	39
Person with a Disability		43	49	49	55	50	49	48
Single Parent, One Child	56	50	54	55	60	55	55	54
Couple, Two Children	60	60	65	67	67	62	63	61
SASKATCHEWAN								
Single Employable	41	42	41	41	40	42	42	37
Person with a Disability		67	65	65	60	59	59	58
Single Parent, One Child	70	69	68	68	69	68	68	66
Couple, Two Children	70	68	66	65	66	65	65	64
ALBERTA								
Single Employable	51	36	35	39	36	34	30	29
Person with a Disability		44	43	60	42	41	41	40
Single Parent, One Child	61	55	53	57	58	56	52	51
Couple, Two Children	66	58	56	62	61	59	56	55
BRITISH COLUMBIA								
Single Employable	37	41	42	40	40	40	41	40
Person with a Disability		56	58	58	56	56	57	56
Single Parent, One Child	55	60	61	62	64	65	66	65
Couple, Two Children	54	53	54	54	56	56	58	57

OF THE POVERTY LINE, 1986-2004

1996	1997	1998	1999	2000	2001	2002	2003	2004	% Change 2003-2004
39	39	38	38	37	36	35	34	34	0.1
68	67	66	65	63	62	61	59	59	0.0
64	63	62	61	60	58	57	56	56	0.5
56	55	55	54	53	52	51	50	50	0.2
36	32	31	31	30	29	29	28	28	2.1
48	47	46	46	45	44	43	42	42	0.8
53	52	51	50	50	52	53	52	52	-0.7
56	52	51	50	50	50	50	51	53	3.5
40	36	36	37	37	37	36	36	35	-1.5
59	53	53	54	53	53	52	51	51	-0.4
65	64	59	61	61	61	60	58	57	-1.1
63	59	59	61	60	60	59	58	58	-0.5
29	28	28	28	27	26	26	25	25	-1.8
39	39	39	39	41	40	39	39	39	-0.5
50	50	50	51	50	49	48	48	48	0.2
54	53	54	53	53	52	51	51	51	0.2
37	36	36	35	34	34	33	32	32	-1.8
55	55	54	53	52	51	50	49	48	-1.9
64	62	62	61	60	59	57	55	54	-1.1
56	55	54	53	52	52	50	49	48	-0.9

PEAK YEARS AND 2004

Total welfare incomes were further below the poverty line in most provinces in 2004 than they were in the late 1980s or early 1990s.

Table 5.2 identifies the peak years for total welfare incomes as a percentage of the poverty line, the peak percentage, total welfare incomes as a percentage of the poverty line for 2004 and the percentage change from peak to 2004.

A single employable person on welfare in Nova Scotia, for example, had a total welfare income equal to 50 percent of the poverty line in 1989 and only 30 percent of the poverty line in 2004.

The peak years are more or less similar to the peak years identified earlier in Table 4.2, although in some cases there was more than one peak when using incomes as a percentage of the poverty line.

TABLE 5.2: TOTAL WELFARE INCOMES AS A PERCENTAGE OF THE POVERTY LINE, PEAK YEARS AND 2004

	Peak Year or Years	Peak Percentage	2004	Percentage Change from Peak to 2004
NEWFOUNDLAND AND LABRADOR				
Single Employable	2002	44%	42%	-4.5%
Person with a Disability	1989	64%	51%	-20.3%
Single Parent, One Child	1992	74%	70%	-5.4%
Couple, Two Children	1986, 2002	58%	57%	-1.7%
PRINCE EDWARD ISLAND				
Single Employable	1989	66%	36%	-45.5%
Person with a Disability	1989	77%	53%	-31.2%
Single Parent, One Child	1989	75%	63%	-16.0%
Couple, Two Children	1989	78%	65%	-16.7%
NOVA SCOTIA				
Single Employable	1989	50%	30%	-40.0%
Person with a Disability	1989, 1990, 1991	66%	50%	-24.2%
Single Parent, One Child	1992, 1994	69%	58%	-15.9%
Couple, Two Children	2001	61%	57%	-6.6%
NEW BRUNSWICK				
Single Employable	1991	25%	19%	-24.0%
Person with a Disability	1989	63%	39%	-38.1%
Single Parent, One Child	1999	64%	61%	-4.7%
Couple, Two Children	1999 to 2004	53%	53%	0.0%
QUEBEC				
Single Employable	1991	40%	34%	-15.0%
Person with a Disability	1991	53%	49%	-7.5%
Single Parent, One Child	1994	63%	57%	-9.5%
Couple, Two Children	1990	59%	49%	-16.9%

TABLE 5.2: TOTAL WELFARE INCOMES AS A PERCENTAGE OF THE POVERTY LINE, PEAK YEARS AND 2004

	Peak Year or Years	Peak Percentage	2004	Percentage Change from Peak to 2004
ONTARIO				
Single Employable	1991	54%	34%	-37.0%
Person with a Disability	1991	75%	59%	-21.3%
Single Parent, One Child	1992, 1993, 1994	81%	56%	-30.9%
Couple, Two Children	1992	73%	50%	-31.5%
MANITOBA				
Single Employable	1990, 1991	46%	28%	-39.1%
Person with a Disability	1992	55%	42%	-23.6%
Single Parent, One Child	1992	60%	52%	-13.3%
Couple, Two Children	1991, 1992	67%	53%	-20.9%
SASKATCHEWAN				
Single Employable	1989, 1993, 1994	42%	35%	-16.7%
Person with a Disability	1989	67%	51%	-23.9%
Single Parent, One Child	1986	70%	57%	-18.6%
Couple, Two Children	1986	70%	58%	-17.1%
ALBERTA				
Single Employable	1986	51%	25%	-51.0%
Person with a Disability	1991	60%	39%	-35.0%
Single Parent, One Child	1986	61%	48%	-21.3%
Couple, Two Children	1986	66%	51%	-22.7%
BRITISH COLUMBIA				
Single Employable	1990	42%	32%	-23.8%
Person with a Disability	1990, 1991	58%	48%	-17.2%
Single Parent, One Child	1994	66%	54%	-18.2%
Couple, Two Children	1994	58%	48%	-17.2%

The differences between the peak years and 2004 tended to be particularly harsh in the case of single employable persons. Losses of 25 percent or more were reported in seven provinces, with the drop of 51 percent in Alberta the worst. The large drop in Newfoundland and Labrador in 1996 and in 1997 was due to a change in welfare policy, since then reversed, that made room and board the norm for single employable people.

There were also hefty losses for single persons with a disability. Eight provinces reported losses of 20 percent or more, with the worst a drop of 38.1 percent in New Brunswick.

Families with children tend to fare much better than single persons when the incomes measured are total welfare incomes rather than provincial welfare benefits. That is because of the significant increase in the Canada Child Tax Benefit since 1998.

However, only one figure for 2004 was a peak year. The couple with two children in New Brunswick matched its peak year in 2004 with total welfare income of 53 percent of the poverty line. Meanwhile, the single-parent family in Ontario lost 30.9 percent and the two-parent family lost 31.5 percent. There were also hefty losses in Prince Edward Island and all four western provinces. Elsewhere, the best that can be said is that a few of the losses were moderate.

A FURTHER LOOK AT FAMILY TYPE

Figures 5.1 through 5.10 on the pages that follow show total welfare incomes as a percentage of the poverty line in graphic format. The numbers are taken from table 5.1.

In most provinces, single employable persons were consistently the most impoverished, followed closely by single persons with a disability. Single parents and couples with children tended to do better, but none of the welfare incomes in any of the figures could be considered adequate or reasonable.

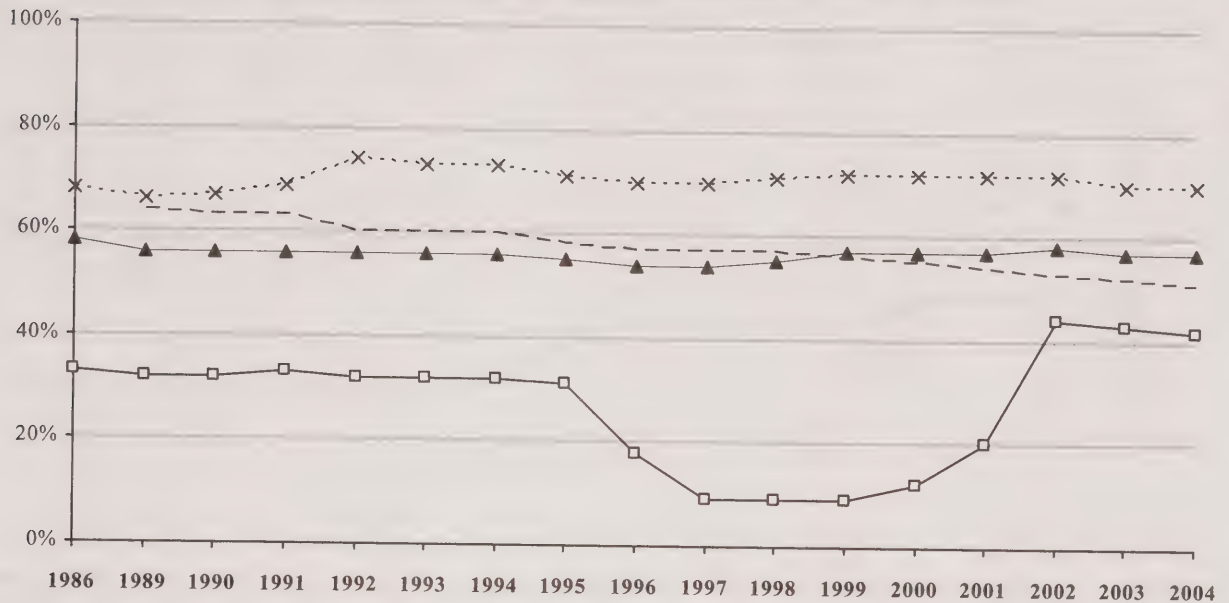
In the 17 years of income data in the figures, the highest income for a single employable person was 66 percent of the poverty line in Prince Edward Island in 1989. Part of that distinction is due to the fact that the poverty lines in Prince Edward Island are lower because the largest city in the province is relatively small. The lowest income for a single employable person was nine percent in Newfoundland and Labrador in 1997 through 1999, when singles were pushed into room and board situations whenever possible rather than being given enough money to rent their own apartments.

The highest income for a single person with a disability was 77 percent of the poverty line, again in Prince Edward Island in 1989. The lowest was 39 percent of the poverty line in New Brunswick in 2004 as well as in Alberta in 1996 through 2004, with the exceptions of 2000 and 2001. Many people with severe and permanent disabilities in Alberta relied on a program known as Assured Income for the Severely Handicapped which provided a higher rate than welfare.

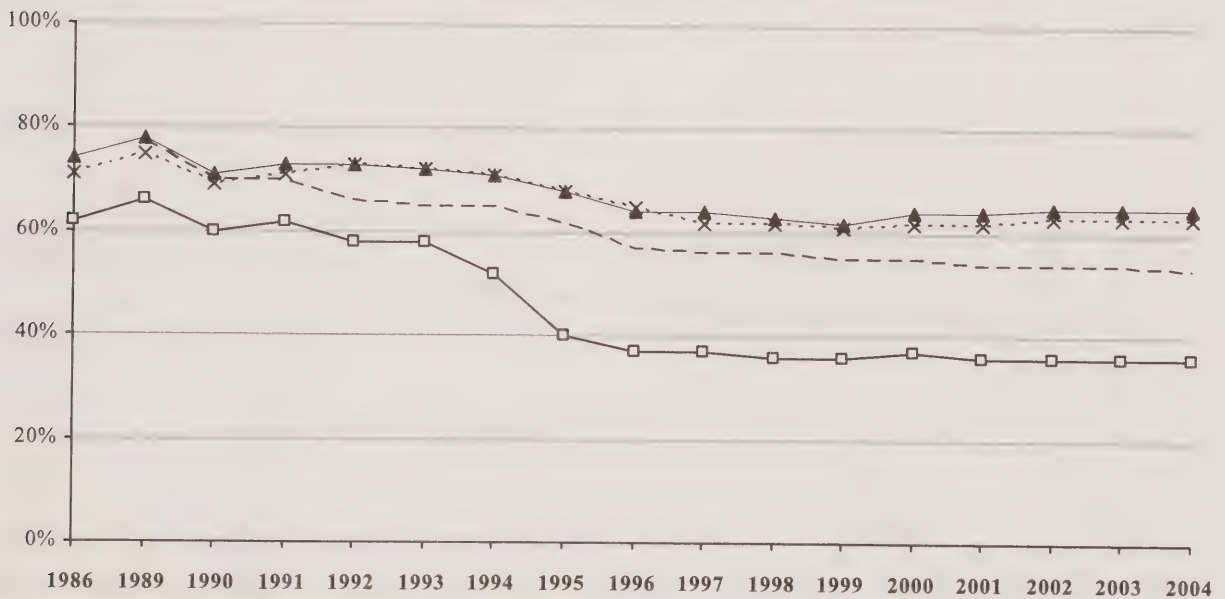
The highest income for a single parent with one child was 81 percent of the poverty line in Ontario in 1992, 1993 and 1994. The lowest was 48 percent in Alberta in 2002, 2003 and 2004.

Finally, the highest income for a couple with two children was 78 percent of the poverty line in Prince Edward Island in 1989, and the lowest was 44 percent in New Brunswick in 1989 and 1990.

**Figure 5.1: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Newfoundland and Labrador**

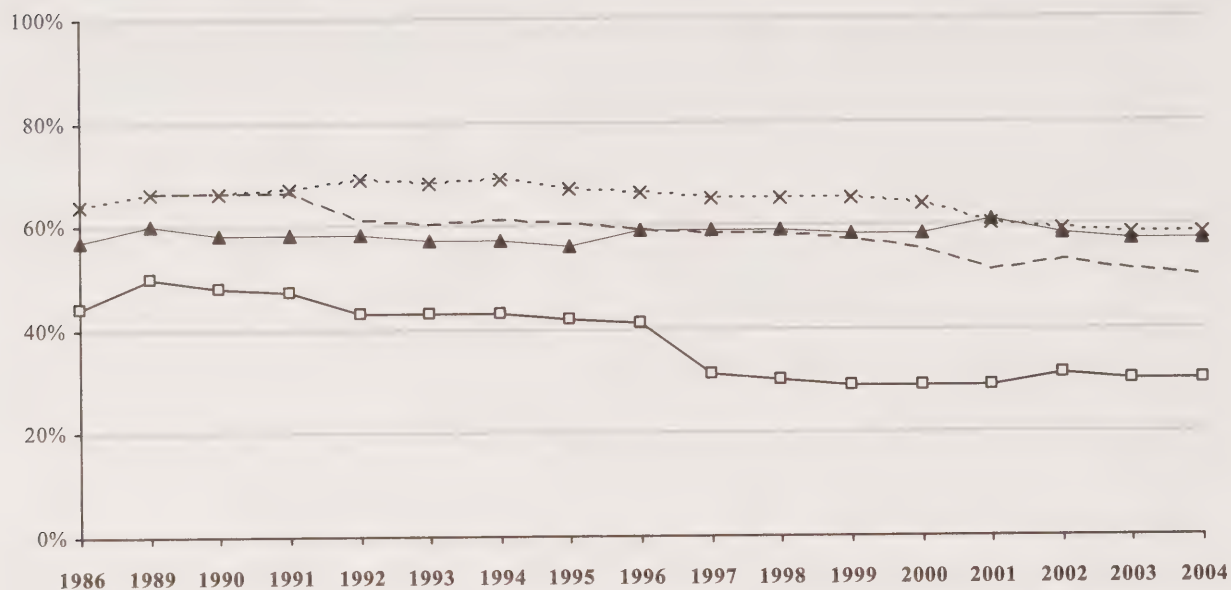


**Figure 5.2: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Prince Edward Island**

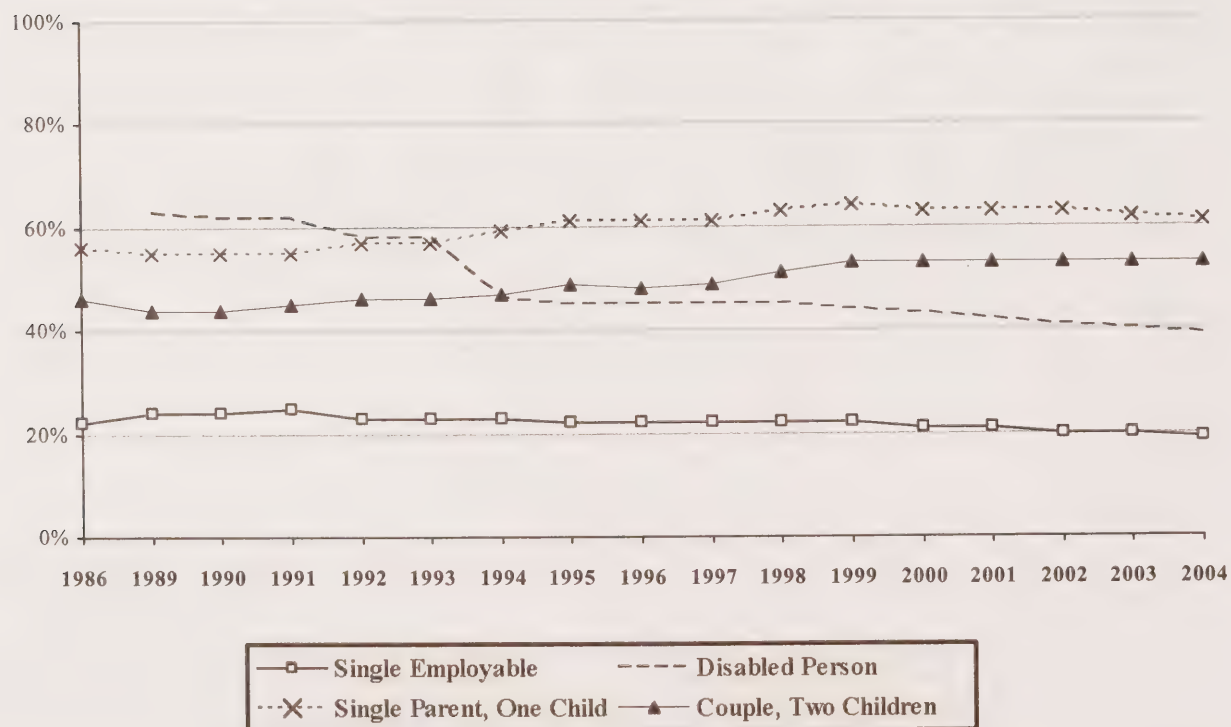


—□— Single Employable - - - - Disabled Person
 - - - x - - Single Parent, One Child —▲— Couple, Two Children

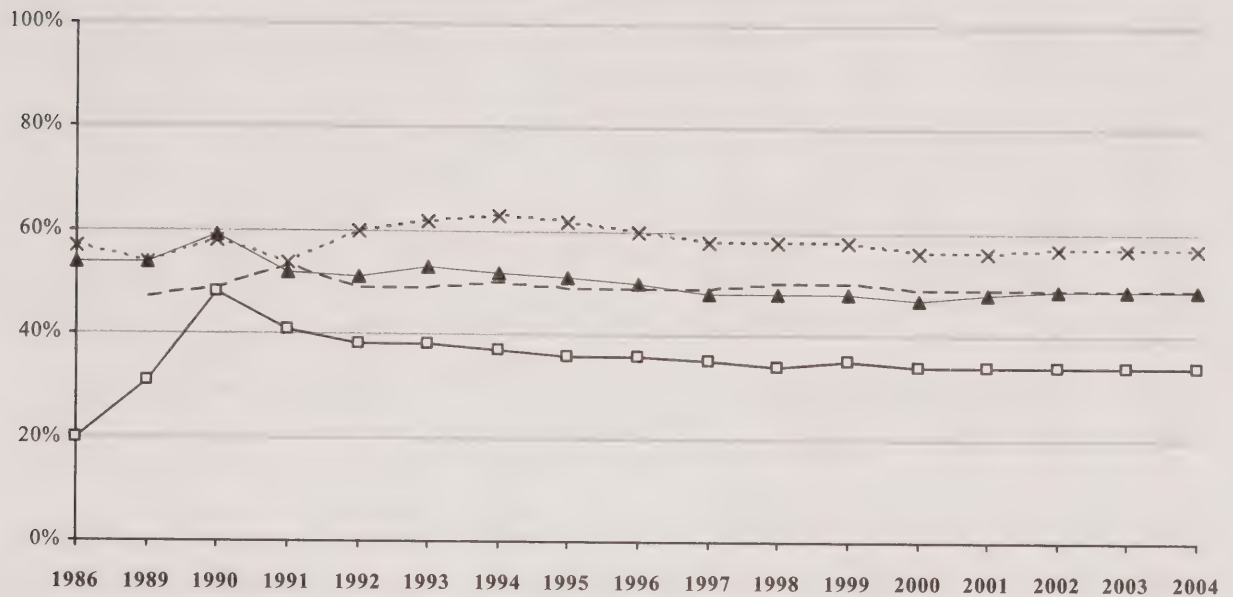
**Figure 5.3: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Nova Scotia**



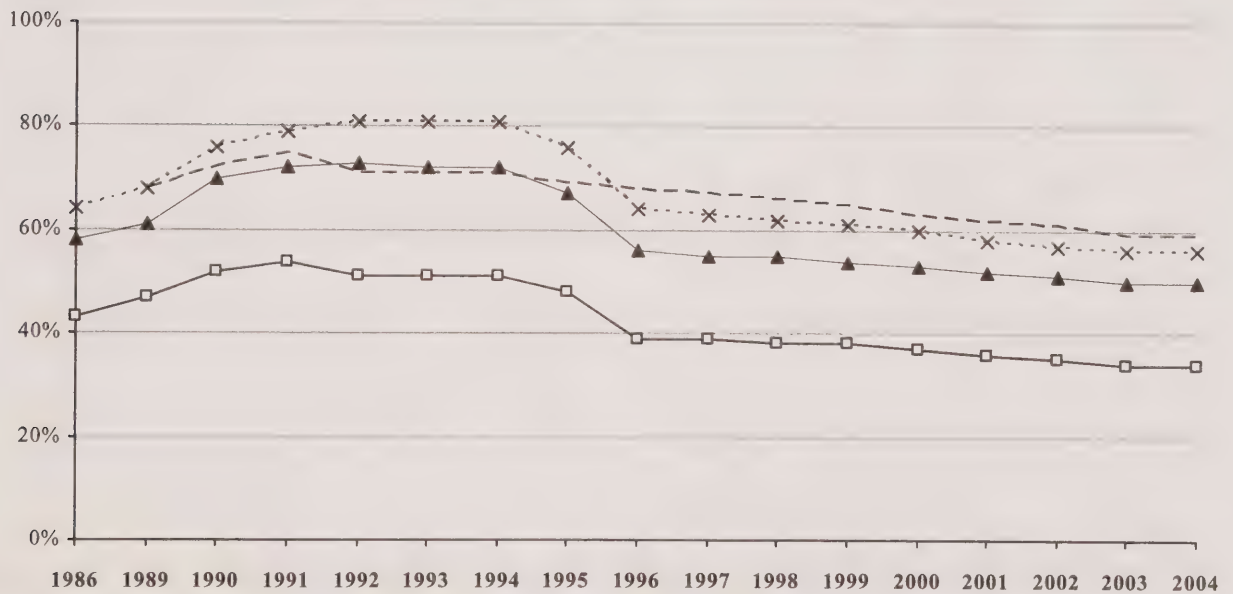
**Figure 5.4: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in New Brunswick**



**Figure 5.5: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Quebec**



**Figure 5.6: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Ontario**



—□— Single Employable	----- Disabled Person
---x--- Single Parent, One Child	—▲— Couple, Two Children

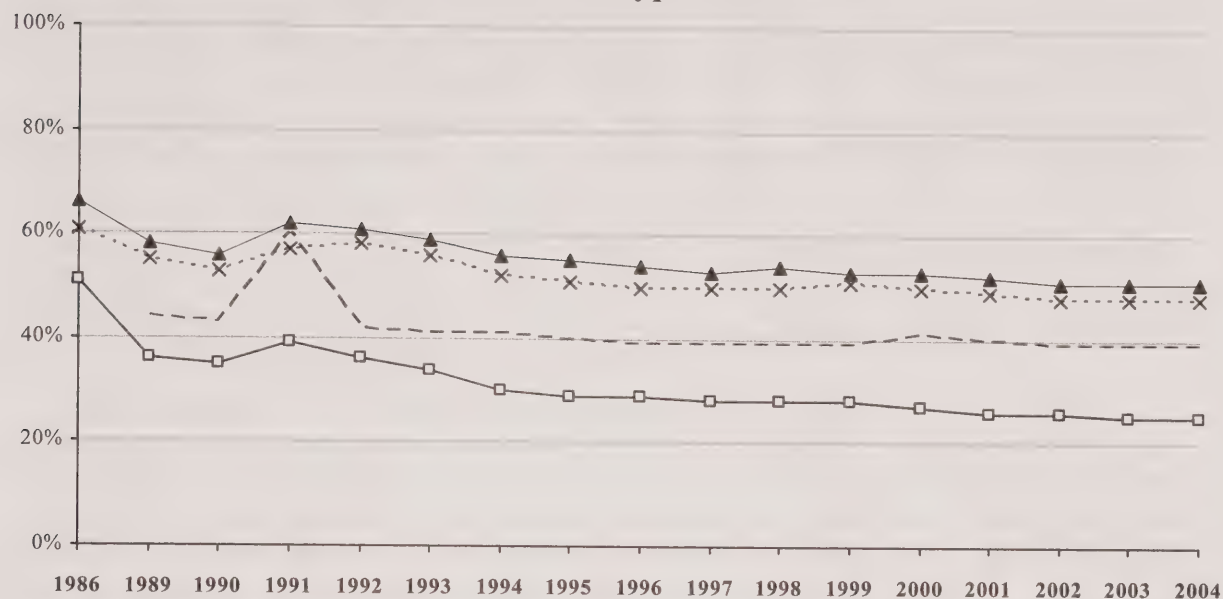
**Figure 5.7: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Manitoba**



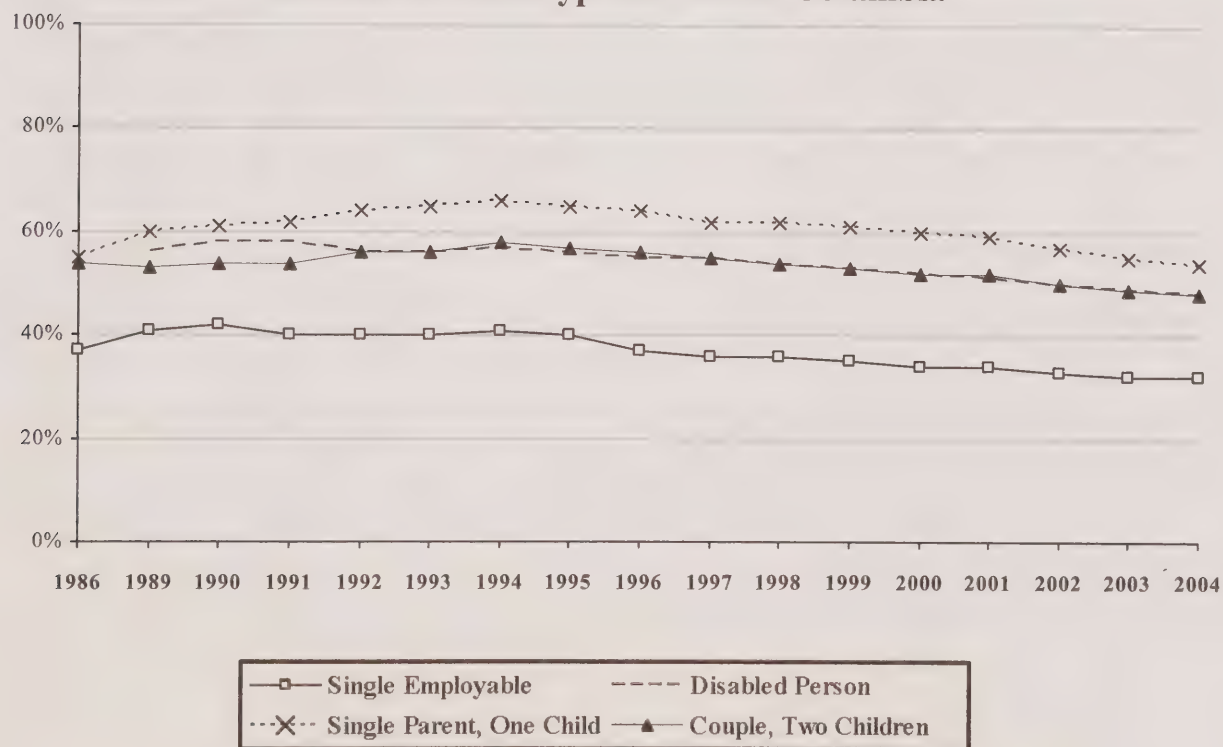
**Figure 5.8: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Saskatchewan**



**Figure 5.9: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Alberta**



**Figure 5.10: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in British Columbia**



VI. EARNINGS EXEMPTIONS

The figures in the tables in this report do not take into account the fact that welfare incomes may be higher if recipients have additional earnings. All provinces and territories except British Columbia allow welfare recipients to retain a certain amount of earned income – a flat-rate sum, a percentage of earnings or a combination of both – without any reduction in their welfare cheques. The National Council of Welfare did not include these extra amounts in the tables in this report because it is not certain that recipients could actually increase their incomes by these levels. They may be unable to work or unable to find jobs.

Table 6.1 shows the allowable earnings exemptions for January 1, 2004, in each province and territory. Any changes to the earnings exemptions made after January 1, 2004, will be reflected in future editions of this report. Overall, during 2004, no noticeable changes were seen in provincial and territorial earnings exemptions.

The exemptions vary by family size and sometimes by employability. All provinces and territories recognize work-related expenses, including child-care expenses in most cases. Welfare recipients are allowed to deduct all or some of these costs when declaring their earnings for welfare purposes. That means that the actual earnings exemptions in some provinces and territories may be more generous than they appear at first glance. Earnings exemptions also provide a greater incentive for people to take paying jobs.

Earnings exemptions are important because they provide a means for welfare recipients to improve the quality of their lives, at least marginally. Exemptions encourage individuals to get experience in the labour market and to gain sufficient confidence to leave the welfare system.

Sensible earnings exemption policies offer genuine incentives for people on welfare to improve their financial situation by taking a job. But earnings exemptions, no matter how generous, are no substitute for adequate welfare rates. Paying decent welfare rates and improving incentives to work by increasing earnings exemptions is sound social policy. Cutting benefits or earnings exemptions is not.

The most recent changes on earnings exemptions were in 2002, when British Columbia got rid of all earnings exemptions for employable recipients. The province was intent on getting people off the welfare rolls and into paying jobs, yet it did away with the earnings exemptions that made it possible – and legal – for recipients to work.

Having no earnings exemptions is tantamount to levying a tax of 100 percent – every single dollar from the first dollar earned leads to a dollar deducted from a person's welfare cheque. No sensible person would support an income tax of 100 percent on rich people, so why would anyone support a "taxback" of 100 percent on welfare incomes?

Some welfare recipients find work in the private or public sectors, while others turn to the "social economy," that portion of the economy which includes a wide range of services and activities by non-profit and voluntary agencies.

The federal government has been exploring ways to promote the social economy, and the National Council of Welfare welcomes this initiative. Council members believe community-based not-for-profit activities can bring great benefits to the people they employ and the people they serve. It remains to be seen, however, if these new initiatives will have a noticeable effect in reducing income inequality or addressing the root causes of poverty and social exclusion.

Support for the social economy should be seen as an addition to, and not a substitute for other social policy tools such as tax policy, income supports and direct public services.

The Council also believes that decent wages and working conditions should be prerequisites for local community enterprises. Strengthening community assets requires stable jobs in which workers develop transferable skills and provide consistent, high-quality services in their communities. Community organizations should not be asked to deliver services on the cheap. Neither should they be used by cost-conscious governments as a handy way of replacing existing jobs.

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2004

	Unemployable	Employable
NEWFOUNDLAND AND LABRADOR ¹	Disabled adult: up to \$95. Family with disabled member(s): up to \$190.	Unemployed adult: up to \$75. Family of two or more (no disabled members): up to \$150.
PRINCE EDWARD ISLAND	\$75 for a single adult or \$125 for a family plus 10% of the balance of net wages for both households.	
NOVA SCOTIA ²	Recipients in training programs: \$150 of training allowance. Recipients with full-time or part-time employment: 30% of net earnings.	
NEW BRUNSWICK	Single adult: \$150 to \$200. ³ Family: \$200 to \$250. ³	
	Welfare recipients were eligible for the Extended Wage Exemption when their earnings were high enough that the application of the extended wage exemption was to their benefit and where the employment seemed likely to lead to self-sufficiency (that is, was not temporary or seasonal). The Extended Wage Exemption lasted for 12 months only. Recipients' exemptions then reverted to the established exemption minimum. Single person and couple without children: 30% of net earned income for the first six months, 25% of net earned income for the next six months, then flat exemption of \$150 or \$200 a month. Family with children: 35% of net earned income for the first six months, 30% of net earned income for the next six months, then flat exemption of \$200 a month.	

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2004

	Unemployable	Employable
QUEBEC	Adult with severe limitation to work: \$100. Adult with temporary limitation to work: \$200.	Single adult: \$200. Single parent: \$200. Two-parent family: \$300.
ONTARIO	Disabled single adult: \$160 + 25% of remainder of earnings + disability related expenses for a maximum of \$140. Disabled adult with family: \$235 + 25% of remainder of earnings + disability related expenses to a maximum of \$140 + child care. ⁴	Single adult: first \$143 + variable exemption. ⁵ Single parent, one child: first \$275 + variable exemption + child care. ⁶ Couple, two children: first \$346 + variable exemption + child care.
MANITOBA ⁷	Adult with or without spouse, in disability category: \$100 a month for each earner + 30% of net monthly earnings over \$100, for each working family member, after the first month. Single disabled parent: \$115 a month + 30% of net earnings over \$115, after the first month.	Single adult, childless couple and two-parent family with children: \$100 a month for each earner + 25% of net earnings over \$100 after the first month. Single parent: \$115 a month + 25% of net earnings over \$115 after the first month.

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2004

	Unemployable	Employable
SASKATCHEWAN ⁸	<p>Single disabled adult: first \$100 of earned income + 20% of next \$375 (maximum exemption \$175).</p> <p>Two-adult family, no children: first \$125 of earned income + 20% of next \$625 (maximum exemption \$250).</p> <p>Family with children in which the adult is disabled: \$200. Earnings over \$125 are eligible for the Saskatchewan Employment Supplement.⁹</p>	<p>Single person: first \$25 of earned income + 20% of next \$375 (maximum exemption \$100).</p> <p>Two-adult family, no children: first \$50 of earned income + 20% of next \$625 (maximum exemption of \$175).</p> <p>Family with children: \$125. Earnings over \$125 are eligible for the Saskatchewan Employment Supplement.</p>
ALBERTA	<p>Single parents: first \$230 plus 25% of any amount over \$230.</p> <p>Each working adult in couples with children: \$115 plus 25% of any amount over \$115.</p> <p>Each child not attending school: first \$350 of earnings plus 25% of income over \$350</p> <p>For children attending school: 100% of earnings.</p> <p>Singles or couples with no children: first \$115 of combined net employment income a month + 25% over \$115.¹⁰</p>	

TABLE 6.1: MONTHLY EARNINGS EXEMPTIONS AS OF JANUARY 2004

	Unemployable	Employable
BRITISH COLUMBIA ¹¹	<p>Persons with Persistent Multiple Barriers: \$300 after three months.</p> <p>Persons with Disabilities: \$400 after three months.¹²</p> <p>Single-parent with disabled child who is unable to leave the home for the purposes of employment: \$300.</p>	None.
YUKON	<p>For first three months on welfare, \$100 for a single adult, \$150 for a family. In fourth month, an additional exemption of 25% of net income.</p> <p>People considered to be permanently excluded: \$25 for a single adult; \$50 for a married couple from sale of handicrafts or hobby materials.</p>	
NORTHWEST TERRITORIES	<p>\$200 (no dependants).</p> <p>\$400 (dependants).</p>	
NUNAVUT	<p>\$200 (no dependants).</p> <p>\$400 (dependants).</p> <p>Training allowance of \$200 is exempt for those participants engaged in Sivuniksaliurniq Programs sponsored by the Department of Education.¹³</p>	

Newfoundland and Labrador

¹ Disabled adults or disabled members of a family must be people who require supportive services to qualify for the higher earnings exemption. In addition, the disabled member in a family could also include a disabled child if the child required supportive services.

Nova Scotia

² Welfare recipients with jobs or training allowances were allowed actual transportation costs to a maximum of \$150, actual child care to a maximum of \$400 and other employment related costs. Earnings exemptions were then applied to wages or training allowances.

New Brunswick

³ Families and individuals who were expected to achieve self-reliance in a short period of time were eligible for higher exemption levels.

Ontario

⁴ Actual amount paid for licensed child care expenses, otherwise, a maximum of \$390 for children 5 years of age and under, \$346 for children between six and 12 years of age, or \$390 for children six or older who have special needs.

⁵ Ontario deducted a monthly flat rate amount from net earnings. This amount varied according to family size. After Ontario deducted the basic exemption, welfare recipients were allowed to keep an additional percentage of net earnings. The variable exemption decreased with the cumulative number of months the household declared earnings. For the first 12 months, the variable exemption was 25 percent; for 13 to 24 months, 15 percent; and after 24 months, no further exemption.

⁶ Actual amount paid for licensed child care expenses, otherwise, a maximum of \$390 for each child under 13.

Manitoba

⁷ Employed EIA participants were also allowed an exemption for child care expenses. In addition, persons with disabilities received an allowance for work clothing and transportation. When a recipient's gross monthly income from all sources (less child care expenses) represented 135 percent or more of the household's cost of basic necessities, the recipient was no longer eligible for income assistance.

Saskatchewan

⁸ The earnings exemptions applied to fully employable individuals only after they were on welfare for at least the preceding three consecutive months. Recipients in the “disabled” or “not fully employable” categories were entitled to the earnings exemption from the time they received income from employment.

⁹ The Saskatchewan Employment Supplement is a monthly payment for low income parents who worked for pay, were self-employed or received child or spousal support. The supplement was paid at a rate of 25 to 45 percent of income depending on the size of the family to a maximum of \$348.75 a month for a family with five or more children. In May 2001, a supplementary benefit for children under age 13 was introduced. This supplement ranged from an additional \$48.43 a month for one child under 13 to \$87.18 a month for five or more children under 13.

Alberta

¹⁰ Persons who qualified for the Assured Income for the Severely Handicapped program had higher earnings exemptions. Alberta exempted \$200 a month plus 25 percent of additional earnings for single people with disabilities and \$775 a month plus 25 percent of additional earnings for families subject to the AISH program.

British Columbia

¹¹ BC eliminated earnings exemptions for employable recipients as of April 1, 2002, but retained them for people with disabilities.

¹² The exemption for people in the category Persons with Disabilities was raised from \$300 to \$400 a month on April 1, 2003.

Nunavut

¹³ The Sivuniksaliurniq programs (How to Prepare for the Future) are mainly literacy and upgrading programs for which an incentive allowance is paid.

CONCLUSION

Canadian welfare policy over the past 15 years has been an utter disaster, and *Welfare Incomes 2004* offers the latest proof of that sad assessment.

Welfare incomes have never been adequate anywhere in Canada, but many of the provincial and territorial benefits reported in 2004 were modern-day lows. Even when federal benefits such as the GST Credit and the National Child Benefit are added to the equation, welfare incomes remained far below the poverty line and far below what most Canadians would consider reasonable.

Welfare incomes were further below the poverty line in most provinces in 2004 than they were in the late 1980s or early 1990s. The differences between the peak years and 2004 tended to be particularly harsh in the case of single employable persons. Losses of 25 percent or more were reported in seven provinces.

The National Council of Welfare has repeatedly lamented the shabby treatment both levels of government have given welfare recipients and has repeatedly called for major improvements in welfare and related programs.

Welfare has long been the neglected stepchild of governments in Canada, and *Welfare Incomes 2004* shows that the neglect is continuing. Perhaps this year's dismal report will finally make people in public life sit up, take notice and do something to remedy the situation.

In our view, there are two fundamental changes that have to be made to give welfare recipients a fair shake. One is brand-new financial arrangements for welfare, complete with a commitment by all governments to adequate levels of income support. The other is a change in the current system of child benefits, notably an immediate end to all provincial and territorial "clawbacks" of federal child benefits.

The federal government now pays a portion of the cost of welfare and post-secondary education through a form of block funding called the Canada Social Transfer, an arrangement that is complex, unintelligible, unaccountable and totally divorced from the real needs of welfare recipients.

The National Council of Welfare has long urged the federal, provincial and territorial governments to strike a new and separate arrangement for welfare - one that would include a much more realistic level of federal support. In exchange for adequate and predictable funding from the federal government, provinces and territories should agree to hold themselves accountable for meeting minimum welfare standards and programming for welfare recipients. For example, we believe welfare rates should be based on the actual cost of a "basket" of goods and services rather than being set by government decree. We believe minimum wages should be high enough to ensure reasonable standards of living for people in the paid labour force. And we believe all provinces and territories should provide assistance to welfare recipients and low-wage workers alike to help cover the cost of prescription drugs, dental care and eyeglasses.

Fundamental changes are also needed in our system of child benefits. At the present time, the federal government has a National Child Benefit that consists of a basic Canada Child Tax Benefit and a National Child Benefit Supplement. Most low-income families with children get both the basic benefit and the supplement, and that is a good thing.

However, the federal government also encourages provinces and territories to claw back the supplement from families on welfare by reducing welfare or related benefits. One result of the clawback, intended or otherwise, is to keep welfare incomes unconscionably low. As the federal government increased its funding for families through increases in the National Child Benefit Supplement, some provinces and all three territories reduced their own spending on welfare recipients with children and also froze or reduced welfare rates for other categories of welfare recipients.

Newfoundland and Labrador and New Brunswick refused to go along with the clawback arrangements right from the very beginning, and four other provinces took a similar stand in more recent years. The time has come for Prince Edward Island, Ontario, Saskatchewan, British Columbia and the three territories to do away with the clawback in their jurisdictions.

Sadly, even those provinces who have made the decision not to clawback or who have discontinued the clawback have dismally low and inadequate welfare payments. For example, Alberta agreed to pass on the National Child Benefit Supplement (NCBS) in August 2003 but hasn't yet restored an adequate level of benefits for families with children. Nova Scotia has not clawed back the NCBS since August 2001; however, the total amount of provincial benefits was cut in October 2001 for most families on welfare and still remains low. Even in Manitoba where the clawback of the NCBS was fully eliminated as of February 2004, total welfare income for 2004 remained at only 52 percent of the poverty line for the single parent family and 53 percent for the two-parent family. There is no glory in not clawing back the NCBS if your welfare rates are so low that adequacy is a pipe dream.

Welfare Incomes 2004 shows that 118,131 poor single-parent families on welfare and 37,208 poor two-parent families with children on welfare were clawed back in 2004. In the provinces and territories that clawed back the NCB supplement, the single parents clawed back represented 34.9 percent of all single-parent families eligible for the supplement, and the couples clawed back represented 15.1 percent of all two-parent families eligible for the supplement.

When the National Child Benefit came into being, the federal, provincial and territorial governments agreed that those families whose welfare income was clawed back would be no worse off. That promise has been broken. Many of the families with children on welfare were worse off in 2004 than they were when the National Child Benefit was introduced in 1998.

Both the clawback and the current funding arrangements for welfare are blatant and long-standing examples of bad social policy, and bad social policy almost inevitably produces bad results. As we emphasized in a recent report entitled *The Cost of Poverty*, current health and social policy research has made direct links between inadequate incomes, poor health outcomes and increased health and economic costs. The health field provides a key example

of how reducing and preventing poverty in the first place is more cost-effective than paying for its consequence.

In this day and age when Canada is struggling to manage soaring health care costs and to integrate good social economic policies, unless governments can agree on reasonable levels of funding for welfare and an end to the clawback of child benefits, we will continue to see an erosion of the quality of life for all people in Canada.

APPENDICES

Seven appendices are presented in this edition of *Welfare Incomes*. Appendices E, F and G are new this year.

APPENDIX A reports the estimated number of people on welfare by province and territory as of March of each year. All figures are estimates based on the most recent data available. Data for Prince Edward Island are for December 2003.

APPENDIX B presents the Statistics Canada's before-tax low income cut-offs (LICOs) for 2004.

APPENDIX C shows the payments by the federal government to families with children since the National Child Benefit was introduced in July 1998.

APPENDIX D shows the National Child Benefit payments from 1998 to 2004 for a single parent with a 2-year old child and a couple with two children aged 10 and 15.

APPENDIX E shows estimates of families receiving social assistance (S.A.) and whose National Child Benefit Supplement (NCBS) was still clawed back in March 2004.

APPENDIX F shows estimates of children in families receiving social assistance (S.A.) and whose National Child Benefit Supplement (NCBS) was still clawed back in March 2004.

APPENDIX G compares the welfare incomes of our four typical households with median incomes for the appropriate household type in each largest municipal area, except for Prince Edward Island and the three Territories where data on median income for the whole province or territory was used.

SOURCE OF DATA FOR APPENDICES E AND F

Data on families and children entitled to NCBS were obtained through the Statistics Division at Canada Revenue Agency.

Numbers of families and children in families receiving social assistance in March 2004 were provided by the Research and Quantitative Analysis Division of the Strategic Policy Directorate at Social Development Canada.

Please note totals for Canada may not add up due to rounding.

APPENDIX A: ESTIMATED NUMBER OF PEOPLE

	March 31, 1995	March 31, 1996	March 31, 1997	March 31, 1998
NEWFOUNDLAND AND LABRADOR	71,300	72,000	71,900	64,600
PRINCE EDWARD ISLAND *	12,400	11,700	11,100	10,900
NOVA SCOTIA	104,000	103,100	93,700	85,500
NEW BRUNSWICK	67,400	67,100	70,600	67,100
QUEBEC	802,200	813,200	793,300	725,700
ONTARIO	1,344,600	1,214,600	1,149,600	1,091,300
MANITOBA	85,200	85,800	79,100	72,700
SASKATCHEWAN	82,200	80,600	79,700	72,500
ALBERTA	113,200	105,600	89,800	77,000
BRITISH COLUMBIA	374,300	369,900	321,300	297,400
YUKON	2,100	1,700	2,000	2,100
NORTHWEST TERRITORIES	12,000	11,800	12,800	10,700
NUNAVUT				
CANADA	3,070,900	2,937,100	2,774,900	2,577,500

Source: Research and Quantitative Analysis Division,

* Data for Prince Edward Island

Note: All figures are estimates based

ON WELFARE BY PROVINCE AND TERRITORY

March 31, 1999	March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	% Change 2003-2004
59,900	59,400	54,400	52,100	51,200	49,800	-2.7%
9,800	8,400	7,900	7,500	7,000	6,700	-4.3%
80,900	73,700	66,800	61,500	58,300	56,300	-3.4%
61,800	56,300	52,900	50,700	49,300	47,000	-4.7%
661,300	618,900	576,600	560,800	544,200	532,200	-2.2%
910,100	802,000	709,200	687,600	673,900	672,000	-0.3%
68,700	63,300	60,500	60,100	59,900	60,800	1.5%
66,500	63,800	60,900	56,100	53,200	51,800	-2.6%
71,900	64,800	58,000	53,800	57,800	60,200	4.2%
275,200	262,400	252,900	241,200	180,700	165,000	-8.7%
1,700	1,400	1,300	1,000	1,100	1,300	18.2%
11,300	3,400	2,200	2,100	1,900	1,900	3.4%
	7,300	7,300	8,100	7,100	N/A	N/A
2,279,100	2,085,100	1,910,900	1,842,600	1,745,600	1,705,065	-2.3%

Strategic Policy Directorate, Social Development Canada.

are for December 2003.

on the most recent data available.

APPENDIX B: POVERTY LINES, 2004
STATISTICS CANADA'S BEFORE-TAX LOW INCOME CUT-OFFS (1992 BASE) FOR 2004

Family Size	Community Size				Rural Areas
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	
1	\$20,337	\$17,515	\$17,407	\$15,928	\$14,000
2	\$25,319	\$21,804	\$21,669	\$19,828	\$17,429
3	\$31,126	\$26,805	\$26,639	\$24,375	\$21,426
4	\$37,791	\$32,546	\$32,345	\$29,596	\$26,015
5	\$42,862	\$36,912	\$36,685	\$33,567	\$29,505
6	\$48,341	\$41,631	\$41,375	\$37,858	\$33,278
7 +	\$53,821	\$46,350	\$46,065	\$42,150	\$37,050

APPENDIX C: ANNUAL MAXIMUMS FOR THE NATIONAL CHILD BENEFIT, 1998-2004

	July 1998	July 1999	July 2000	July 2001	July 2002	July 2003	July 2004
Canada Child Tax Benefit	\$1,020	\$1,020	\$1,104	\$1,117	\$1,151	\$1,169	\$1,208
Canada Child Tax Benefit Threshold	\$25,921	\$25,921	\$30,004	\$32,000	\$32,960	\$33,487	\$35,000
Additional Payment for a Child Under Seven	\$213	\$213	\$219	\$221	\$228	\$232	\$239
National Child Benefit Supplement for the 1 st Child in a Family	\$605	\$785	\$977	\$1,255	\$1,293	\$1,463	\$1,511
National Child Benefit Supplement for the 2 nd Child in a Family	\$405	\$585	\$771	\$1,055	\$1,087	\$1,254	\$1,295
National Child Benefit Supplement Threshold	\$20,921	\$20,921	\$21,214	\$21,744	\$22,397	\$21,529	\$22,615

This table shows the payments by the federal government to families with children since the National Child Benefit was introduced in July 1998. The National Child Benefit consists of two parts: the basic Canada Child Tax Benefit or CCTB and the National Child Benefit Supplement or NCBS. Families with children under seven get an additional payment. Each year, the rates increase on July 1 and are in effect until June 30 of the following year. The CCTB and NCBS are paid monthly by the federal government in one cheque to each qualifying family.

The first row called Canada Child Tax Benefit shows the annual basic benefit. The second row called Canada Child Tax Benefit Threshold shows the highest net income a family could have and still be eligible for the full Canada Child Tax Benefit. Once a family's income exceeded this amount, the federal government reduced the basic benefit. The basic federal child tax benefit was completely phased out once the net income of a family with one or two children exceeded \$95,400. Families with three or more children did not receive the basic federal benefit after a net income of \$127,700. The third row shows the annual basic supplement paid for each child under seven.

The federal government paid a basic federal child tax benefit of \$1,208 for the period beginning July 1, 2004, for each child under age 18 if the family income was under \$35,000. The amounts were the same for all provinces and territories except Alberta which asked the federal government to vary these amounts. The federal government also made an additional payment of \$239 for each child under age 7 for the period beginning July 2004.

The fourth and fifth rows show the National Child Tax Benefit Supplement as of July 1 each year. For the first child in a family, the supplement was \$1,511 on July 1, 2004, and \$1,295 for the second child.

The final row called National Child Benefit Supplement Threshold shows the highest income a family could have and still get the full supplement. The column for July 2004 shows that the federal government provided all families with incomes under \$22,615 with the full National Child Benefit Supplement. Families with three or fewer children and a net family income between \$22,615 and \$35,000 received partial NCBS.

APPENDIX D: MAXIMUM NATIONAL CHILD BENEFIT PAYMENTS BY CALENDAR YEAR, 1998-2004		
January 1 to December 31	Single Parent with One Child, Age 2	Couple with Two Children, Ages 10 and 15
1998	\$1,535	\$2,545
1999	\$1,928	\$3,230
2000	\$2,159	\$3,683
2001	\$2,447	\$4,250
2002	\$2,633	\$4,613
2003	\$2,768	\$4,869
2004	\$2,911	\$5,139

This table shows the National Child Benefit payments from 1998 to 2004 for a single parent with a 2-year-old and a couple with children 10 and 15. Each row includes the total payments each family received between January 1 and December 31 each year. The calculations are based on six months of payments at the previous year's rate for January to June and six months of payments at the current year's rate for July to December.

The middle column shows the total annual payment to the single-parent family. The payment includes the Canada Child Tax Benefit and the additional payment for a child under seven combined with the National Child Benefit Supplement. In the last column, the annual amounts include the Canada Child Tax Benefit and the National Child Benefit Supplement payments for a couple with children 10 and 15.

APPENDIX E: WELFARE FAMILIES AND THE CLAWBACK IN 2004

The table that follows highlights the number of families with children on welfare who had the National Child Benefit Supplement clawed back by provincial or territorial governments as of early 2004. Appendix F gives similar data using the number of children, rather than the number of families, subject to the clawback.

The first two columns show the number of single-parent families and two-parent families who were entitled to receive the NCB supplement in 2004 because their net family incomes in 2003 were between \$21,615 and \$33,487. The information came from the Statistics Division of the Canada Revenue Agency.

The income limits are NOT the same as poverty lines. The big-city poverty line for a family of two in 2003 was \$24,851, and the big-city poverty line for a family of four was \$37,094. A number of single parents with one child could have been well over the poverty line and they still would have received the NCB supplement. Conversely, a few couples with two children and some couples with more than two children could have been under the poverty line and still had income too high to qualify for the supplement.

The third and fourth columns show the number of families receiving welfare in early 2004, as compiled by the Research and Quantitative Analysis Division of the Strategic Policy Directorate of Social Development Canada.

The last four columns highlight provinces and territories which clawed back the NCB supplement from their welfare recipients. The numbers shown in the fifth and seventh columns are the same as the numbers in the welfare columns, and the percentages in the sixth and eighth columns compare the welfare families clawed back with all families eligible for the NCB supplement. Where there are no clawbacks, all four columns are blank.

The subtotals and grand totals at the bottom of the table show the overall impact of the clawback in provinces and territories where it still exists. In those jurisdictions, 118,131 single-parent families or 34.9 percent of all single-parent families eligible for the supplement were clawed back. The comparable figures for two-parent families were 37,208 families clawed back or 15.1 percent of all two-parent families eligible for the supplement.

The grand total for Canada was 155,339 welfare families subject to the clawback in 2004. That figure is 54 percent of all 285,639 welfare families with children in Canada, but only 11.2 percent of the more than 1.3 million families eligible to receive the NCB supplement.

**APPENDIX E: ESTIMATES OF FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD
BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004**

	TOTAL FAMILIES ENTITLED TO NCBS IN MARCH 2004		TOTAL FAMILIES RECEIVING S.A. IN MARCH 2004		FAMILIES WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004			
	Single- Parent Family	Two-Parent Family	Single- Parent Family	Two-Parent Family	Single-Parent Family		Two-Parent Family	
					Number	%	Number	%
NEWFOUNDLAND AND LABRADOR	16,028	13,183	5,800	2,700				
PRINCE EDWARD ISLAND *	4,351	2,452	1,000	300	1,000	23.0%	300	12.2%
NOVA SCOTIA	31,875	15,602	10,100	800				
NEW BRUNSWICK	25,055	14,454	7,300	2,400				
QUEBEC	194,818	139,550	52,400	23,800				
ONTARIO **	274,957	215,823	87,654	31,412	87,654	31.9%	31,412	14.6%
MANITOBA	35,438	26,233	10,300	1,500				
SASKATCHEWAN	33,848	21,843	7,800	1,600	7,800	23.0%	1,600	7.3%

APPENDIX E: ESTIMATES OF FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004

	TOTAL FAMILIES ENTITLED TO NCBS IN MARCH 2004		TOTAL FAMILIES RECEIVING S.A. IN MARCH 2004		FAMILIES WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004			
	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family	Single-Parent Family		Two-Parent Family	
					Number	%	Number	%
ALBERTA	76,284	52,431	10,700	2,500				
BRITISH COLUMBIA	101,027	85,141	21,300	3,800	21,300	21.1%	3,800	4.5%
YUKON ***	933	343	99	14	99	10.6%	14	4.0%
NORTHWEST TERRITORIES ***	1,442	629	153	25	153	10.6%	25	4.0%
NUNAVUT ***	1,183	1,428	125	57	125	10.6%	57	4.0%
CANADA	797,349	589,339	214,731	70,908	118,131	14.8%	37,208	6.3%

APPENDIX E: ESTIMATES OF FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004

	TOTAL FAMILIES ENTITLED TO NCBS IN MARCH 2004	TOTAL FAMILIES RECEIVING S.A. IN MARCH 2004	FAMILIES WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004	
			Number	%
NON-CLAWBACK JURISDICTIONS				
Single-Parent Families	459,335	96,600		
Two-Parent Families	343,021	33,700		
SUB-TOTALS	802,356	130,300		
CLAWBACK JURISDICTIONS				
Single-Parent Families	338,014	118,131	118,131	34.9%
Two-Parent Families	246,318	37,208	37,208	15.1%
SUB-TOTALS	584,332	155,339		
GRAND TOTAL	1,386,688	285,639	155,339	11.2%

* February data was used for Prince Edward Island since March data was not available.

** Due to the unavailability of similar data for Ontario, estimates were obtained by using March 2003 data and a 0.28 % decrease rate.

*** Due to the unavailability of similar data for the territories, estimates were obtained by applying the ratio of Yukon's single-parent families receiving S.A. in March 2002 divided by all single-parent families entitled to NCBS in March 2002 (10.6%) to Nunavut and Northwest Territories. Sample size was too small for couples on S.A. in Yukon in March 2002; the lowest ratio for two-parent families in all provinces (4% in British Columbia) was applied to Nunavut and Northwest Territories.

APPENDIX F: CHILDREN IN WELFARE FAMILIES AND THE CLAWBACK IN 2004

The table that follows highlights the number of children in families on welfare who had the National Child Benefit Supplement clawed back by provincial or territorial governments as of early 2004. Appendix E gives similar data using the number of families, rather than the number of children in families, subject to the clawback.

The first two columns show the number of single-parent families and two-parent families who were entitled to receive the NCB supplement in 2004 because their net family incomes in 2003 were between \$21,615 and \$33,487. The information came from the Statistics Division of the Canada Revenue Agency.

The income limits are NOT the same as poverty lines. The big-city poverty line for a family of two in 2003 was \$24,851, and the big-city poverty line for a family of four was \$37,094. A number of single parents with one child could have been well over the poverty line and they still would have received the NCB supplement. Conversely, a few couples with two children and some couples with more than two children could have been under the poverty line and still had income too high to qualify for the supplement.

The third and fourth columns show the number of children in families receiving welfare in early 2004, as compiled by the Research and Quantitative Analysis Division of the Strategic Policy Directorate of Social Development Canada.

The last four columns highlight provinces and territories which clawed back the NCB supplement from their welfare recipients. The numbers shown in the fifth and seventh columns are the same as the numbers in the welfare columns, and the percentages in the sixth and eighth columns compare the children in welfare families clawed back with all children eligible for the NCB supplement. Where there are no clawbacks, all four columns are blank.

The subtotals and grand totals at the bottom of the table show the overall impact of the clawback in provinces and territories where it still exists. In those jurisdictions, 212,332 children of single-parent families or 34.1 percent of all children in single-parent families eligible for the supplement were clawed back. The comparable figures for two-parent families were 85,242 children clawed back or 14.5 percent of all two-parent families eligible for the supplement.

The grand total for Canada was 297,574 children in welfare families subject to the clawback in 2004. That figure is 56 percent of all 529,173 children in welfare families with children in Canada, but only 12 percent of the more than 2.45 million children in families eligible to receive the NCB supplement.

APPENDIX F: ESTIMATES OF CHILDREN IN FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004						
	TOTAL NUMBER OF CHILDREN ENTITLED TO NCBS IN MARCH 2004		TOTAL NUMBER OF CHILDREN IN FAMILIES RECEIVING S.A. IN MARCH 2004		CHILDREN IN FAMILIES WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004	
	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family
					Number	%
NEWFOUNDLAND AND LABRADOR	23,511	22,502	8,900	4,800		
PRINCE EDWARD ISLAND *	6,792	4,834	1,700	800	1,700	25.0% 800 16.5%
NOVA SCOTIA	50,190	29,651	16,800	1,300		
NEW BRUNSWICK	37,610	26,290	11,300	4,600		
QUEBEC	299,788	271,647	84,600	49,500		
ONTARIO **	447,838	419,651	158,916	72,593	158,946	35.5% 72,593 17.3%
MANITOBA	62,587	61,854	20,300	3,900		
SASKATCHEWAN	62,502	50,572	15,800	4,000	15,800	25.3% 4,000 7.9%

APPENDIX F: ESTIMATES OF CHILDREN IN FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004						
	TOTAL NUMBER OF CHILDREN ENTITLED TO NCBS IN MARCH 2004		TOTAL NUMBER OF CHILDREN IN FAMILIES RECEIVING S.A. IN MARCH 2004		CHILDREN IN FAMILIES WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004	
	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family	Single-Parent Family	Two-Parent Family
					Number	%
ALBERTA	127,039	114,092	19,600	6,000		
BRITISH COLUMBIA ***	161,221	157,959	34,500	7,500	34,500	21.4%
YUKON ****	1,465	685	346	42	346	23.6%
NORTHWEST TERRITORIES ****	2,456	1,324	580	81	580	23.6%
NUNAVUT ****	2,075	3,714	490	227	490	23.6%
CANADA	1,285,251	1,165,207	373,832	155,342	212,332	16.5%
					85,242	7.3%

APPENDIX F: ESTIMATES OF CHILDREN IN FAMILIES RECEIVING SOCIAL ASSISTANCE (S.A.) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS STILL CLAWED BACK IN MARCH 2004				
	TOTAL CHILDREN ENTITLED TO NCBS IN MARCH 2004	TOTAL CHILDREN RECEIVING S.A. IN MARCH 2004	CHILDREN WHOSE SUPPLEMENT IS STILL CLAWED BACK IN MARCH 2004	
			Number	%
NON-CLAWBACK JURISDICTIONS				
Children in Single-Parent Families	663,404	161,500		
Children Two-Parent Families	577,040	70,100		
SUB-TOTALS	1,240,444	231,599		
CLAWBACK JURISDICTIONS				
Children in Single-Parent Families	621,847	212,332	212,332	34.1%
Children in Two-Parent Families	588,167	85,242	85,242	14.5%
SUB-TOTALS	1,210,014	297,574		
GRAND TOTAL	2,450,458	529,173	297,574	12.1%

* February data was used for Prince Edward Island since March data was not available.

** Due to the unavailability of similar data for Ontario, estimates were obtained using the average ratios of the number of children within families receiving S.A. to the number of families receiving S.A. in five largest provinces for the two types of families.

*** Data for British Columbia represents all social assistance cases active during the month of March 2004.

**** Due to the unavailability of similar data for the territories, estimates were obtained by applying the ratio of the number of children in families receiving S.A. to the number of children entitled to the NCBS in four provinces for the two types of families (23.6% for single-parent families and 6.1% for two-parent families).

**APPENDIX G: 2004 WELFARE INCOMES AS PERCENTAGE OF
MEDIAN INCOMES**

	Welfare Income	Estimated Median Income	Welfare Income as % of Estimated Median Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$7,401	\$17,694	42%
Person with a Disability	\$8,930	\$17,694	50%
Single Parent, One Child	\$15,228	\$25,861	59%
Couple, Two Children	\$18,468	\$65,228	28%
PRINCE EDWARD ISLAND			
Single Employable	\$6,208	\$18,113	34%
Person with a Disability	\$9,216	\$18,113	51%
Single Parent, One Child	\$13,544	\$28,269	48%
Couple, Two Children	\$20,911	\$56,433	37%
NOVA SCOTIA			
Single Employable	\$5,212	\$23,034	23%
Person with a Disability	\$8,841	\$23,034	38%
Single Parent, One Child	\$12,684	\$27,327	46%
Couple, Two Children	\$18,595	\$68,264	27%
NEW BRUNSWICK			
Single Employable	\$3,388	\$18,741	18%
Person with a Disability	\$6,916	\$18,741	37%
Single Parent, One Child	\$13,389	\$25,128	53%
Couple, Two Children	\$17,139	\$61,459	28%
QUEBEC			
Single Employable	\$6,889	\$20,102	34%
Person with a Disability	\$9,910	\$20,102	49%
Single Parent, One Child	\$14,377	\$30,468	47%
Couple, Two Children	\$18,548	\$62,715	30%

APPENDIX G: 2004 WELFARE INCOMES AS PERCENTAGE OF
MEDIAN INCOMES

	Welfare Income	Estimated Median Income	Welfare Income as % of Estimated Median Income
ONTARIO			
Single Employable	\$6,973	\$22,825	31%
Person with a Disability	\$11,987	\$22,825	53%
Single Parent, One Child	\$14,251	\$34,132	42%
Couple, Two Children	\$18,854	\$67,846	28%
MANITOBA			
Single Employable	\$5,792	\$21,987	26%
Person with a Disability	\$8,576	\$21,987	39%
Single Parent, One Child	\$13,103	\$29,735	44%
Couple, Two Children	\$19,962	\$65,752	30%
SASKATCHEWAN			
Single Employable	\$6,175	\$21,464	29%
Person with a Disability	\$8,962	\$21,464	42%
Single Parent, One Child	\$12,535	\$25,756	49%
Couple, Two Children	\$18,751	\$66,589	28%
ALBERTA			
Single Employable	\$5,044	\$27,222	19%
Person with a Disability	\$7,846	\$27,222	29%
Single Parent, One Child	\$12,151	\$35,703	34%
Couple, Two Children	\$19,166	\$76,431	25%
BRITISH COLUMBIA			
Single Employable	\$6,450	\$22,092	29%
Person with a Disability	\$9,814	\$22,092	44%
Single Parent, One Child	\$13,778	\$31,096	44%
Couple, Two Children	\$18,258	\$61,459	30%

APPENDIX G: 2004 WELFARE INCOMES AS PERCENTAGE OF MEDIAN INCOMES			
	Welfare Income	Estimated Median Income	Welfare Income as % of Estimated Median Income
YUKON			
Single Employable	\$12,465	\$27,117	46%
Person with a Disability	\$13,981	\$27,117	52%
Single Parent, One Child	\$19,993	\$33,818	59%
Couple, Two Children	\$28,293	\$79,049	36%
NORTHWEST TERRITORIES			
Single Employable	\$12,884	\$33,504	38%
Person with a Disability	\$16,494	\$33,504	49%
Single Parent, One Child	\$21,758	\$32,666	67%
Couple, Two Children	\$29,592	\$98,732	30%
NUNAVUT			
Single Employable	\$10,711	\$37,587	28%
Person with a Disability	\$12,995	\$37,587	35%
Single Parent, One Child	\$21,635	\$23,558	92%
Couple, Two Children	\$35,376	\$63,972	55%

SOURCE: Median income, i.e. income at the exact midpoint of the income spectrum, comes from Statistics Canada, Small Area and Administrative Data Division. Data are defined according to census family definitions. Data for family income were obtained primarily from income tax returns filed in the spring of 2003. They were increased by the Consumer Price Index to get estimates for 2004.

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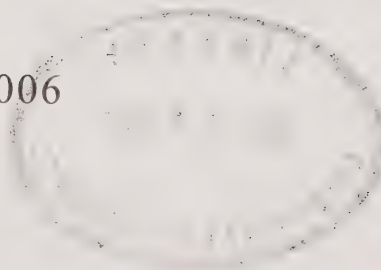
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WELFARE INCOMES: PATTERNS AND TRENDS

Welfare Incomes 2005 estimates total welfare incomes for four types of households in each province and territory, for a total of 52 scenarios. The four household types we use are a single employable person, a single person with a disability, a lone-parent with a 2-year-old child, and a two-parent family with two children aged 10 and 15. The National Council of Welfare has published similar estimates since 1986.

WELFARE INCOMES IN 2005

- Welfare incomes continued to decline in 2005, making life more difficult for the 1.7 million people—five percent of the population—forced to rely on welfare. Nearly half a million of those on welfare were children.
- New Brunswick and Alberta had the lowest welfare incomes in 2005 for the four household types we looked at in each province and territory.
 - In New Brunswick, a single person received \$3,427 and a couple with two children received \$17,567.
 - In Alberta, the welfare income of a single person with a disability was \$7,851¹ and a lone parent with one child received \$12,326.

TOTAL WELFARE INCOMES OVER TIME

For the first time, we looked at how total welfare incomes—provincial and territorial welfare benefits, provincial and territorial child benefits, and provincial and federal tax credits—have changed over time.

- In 2005, welfare incomes were at their lowest point since 1986 in 20 scenarios.
- Between 2004 and 2005, total welfare incomes decreased in 35 of our 52 scenarios.
- Between 2000 and 2005, welfare incomes were at their lowest levels in 32 of our 52 scenarios. Further, five provinces—Ontario, Manitoba, Saskatchewan, Alberta and British Columbia—recorded their lowest levels of welfare incomes for all four household types during this five-year period.

¹ Most single persons with a disability in Alberta receive financial assistance through the Assured Income for the Severely Handicapped (AISH) program. AISH rates are higher than those used in this report.

- The majority of welfare incomes, when adjusted for inflation, peaked in 1994 or earlier. When the peak year welfare incomes were compared to 2005 welfare incomes, some of the losses were staggering.
 - In Alberta, the income of a single person decreased by almost 50 percent.
 - In Ontario, a lone parent's income decreased by almost \$6,600 and a couple with two children lost just over \$8,700.
 - Across the provinces, one-third of households experienced losses of \$3,000 or more.

TOTAL WELFARE INCOMES AND ADEQUACY

We looked at welfare incomes in 2005 compared to the poverty line², average incomes and median incomes for all provinces. We were also able to look at median income data for the three territories.

- Welfare incomes continued to be well below the poverty line. In 2005, they were less than two-thirds of the poverty line for all households in all jurisdictions, except for the lone parent in Newfoundland and Labrador.
 - A single employable person's income in New Brunswick was the lowest, at 19 percent of the poverty line. Welfare incomes of single persons hovered around one-third of the poverty line and not one reached 50 percent.
 - The income of a single person with a disability was lowest in Alberta³ at 38 percent of the poverty line, followed closely by Manitoba at 41 percent of the poverty line.
 - The incomes of families with children were marginally better, hovering around 55 to 60 percent of the poverty line. The welfare income of a lone parent with one child was the lowest in Alberta, at 48 percent of the poverty line, whereas in Newfoundland and Labrador it was the highest, at 73 percent. Finally, the welfare income of a couple with two children in British Columbia was the lowest at 48 percent of the poverty line.
- Welfare incomes compared to average incomes showed the same disparity.
 - In 2005, all were less than half of average income, except for the lone parent in Newfoundland and Labrador, where it was 54 percent.

² In the absence of an official measure, we use Statistics Canada's pre-tax Low Income Cut-Off as the poverty line.

³ Most single persons with a disability in Alberta receive financial assistance through the Assured Income for the Severely Handicapped (AISH) program. AISH rates are higher than those used in this report.

- The lows were: for a single person, 15 percent of the average income of a single person in both New Brunswick and Alberta; for a person with a disability, 23 percent of the average income of a single person in Alberta³ (followed by 30 percent in Manitoba); for a lone parent with one child, 27 percent of a lone parent's income in Alberta; and for a couple with two children, 19 percent of the average income of a couple with children in Ontario.
- Comparing welfare incomes to median incomes paints a similar picture in all provinces. However, they were more generous for all households in the territories. This is likely a reflection of the higher welfare rates paid due to the higher cost of living.

No welfare incomes were remotely close to the poverty line, average incomes or median incomes.

- Two provinces were consistently at the bottom of all three measures: New Brunswick for the single person, and Alberta, for both the person with a disability and the lone parent with one child.
- By contrast, two provinces were the most generous across all three measures: Newfoundland and Labrador for the single person and lone parent with one child, and Prince Edward Island for the couple with two children.

WELFARE INCOMES AND CHILD BENEFITS

Over the past ten years, the system of federal and provincial child benefit programs has become incomprehensible to most people. And since these programs interact with provincial and territorial welfare programs, what was already a tangled safety net has become almost impossible to understand.

Since 1996, five provinces have implemented their own child benefit programs that pay benefits for children outside the welfare system. The federal government introduced the National Child Benefit Supplement (NCBS) in 1998. Most provinces clawed it back from welfare families, so they were no better off. As of early 2005, eight jurisdictions still claw back part or all of the NCBS. Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec and Manitoba do not claw back any of the NCBS.

Although the federal government has increased its spending on child benefits significantly since 1998, most welfare families with children have seen little, if any, improvement in their total income.

- Lone parents wound up with lower welfare incomes in 2005 than they had in 1997—the year before the NCBS was introduced—with three exceptions.
 - There was a minimal increase of \$12 in New Brunswick, \$405 in Quebec and \$534 in the Northwest Territories.

- Between 1997 and 2005, a couple with two children saw their welfare incomes decline in six jurisdictions.
 - In PEI the couple gained \$155, in Manitoba the increase was \$245, and in Newfoundland and Labrador it amounted to \$898. Couples in New Brunswick saw an increase of \$1,226, in the Northwest Territories the increase was \$2,023, and in Quebec it increased by \$2,353.

Some of these changes in welfare incomes—either increases or decreases—are a result of changes to welfare programs or rates, or are due to the implementation of new provincial programs. But overall, most welfare families are seeing very little improvement in their total incomes despite the sizeable increase in federal spending on children.

I. WHAT IS WELFARE?

Social assistance or welfare is the social safety net of last resort in Canada. It provides money to meet the basic needs of individuals and families who have exhausted all other means of financial support.

There are 13 different welfare systems in Canada—one in each province and territory. First Nations people on and off reserve receive the same benefits as others, through the welfare program in the province or territory where they live. Each welfare program has complex rules which regulate all aspects of the system, including eligibility for assistance, the rates of assistance, the amounts of other income recipients are allowed to keep, and the way in which applicants and recipients may question decisions regarding their cases.

Over the last decade, welfare programs have been evolving due to new approaches to child benefits. In 1998, the federal government introduced the National Child Benefit Supplement (NCBS). This provides financial benefits to low-income families with children, regardless of their source of income. Most families on welfare, however, had their federal benefit clawed back from their welfare income. As of 2005, five provinces—Newfoundland and Labrador, Nova Scotia, Quebec, Saskatchewan and British Columbia—provide financial benefits for children through an income-tested program rather than welfare. These provincial child benefits are available to all low-income families. The interaction of these child benefit programs with welfare programs has made an already complicated system even more complex.

Welfare Incomes 2005 looks at the amount of income received in 2005 by four typical households on welfare: a single person, a single person with a disability, a lone parent with a child aged 2 and a couple with children aged 10 and 15.

The report includes information on how people qualify for welfare, the different types of assets they may keep while on welfare, and how much they can earn while on welfare. Later chapters assess the adequacy of welfare incomes and trends in welfare incomes dating back to 1989.

ELIGIBILITY

Determining eligibility for welfare is a multi-step process. First, applicants must meet the administrative requirements. Then they undergo a needs test, which looks at their assets, income and basic needs.

Administrative rules vary throughout the country. In general, applicants must be of a certain age (usually between 18 and 65), provide written documentation concerning their financial situation, pursue any court-ordered maintenance support to which they are entitled and provide medical certification of any disabling condition. They must also agree to report any future changes in their circumstances and, where applicable, follow any employment plans that have been negotiated. In some jurisdictions, applicants are routinely diverted to other programs or services before they can apply for assistance.

Applicants who meet the administrative conditions then go through a needs test¹. The welfare department compares the budgetary needs of the household with its assets and income. Amounts for budgetary needs, covering items such as food, shelter, clothing, household expenses, transportation, personal grooming items and special needs items, are set by government regulation or policy directive. These amounts are set arbitrarily and do not necessarily reflect the actual cost of the necessities of life.

First, the applicants' fixed and liquid assets are reviewed. In most provinces and territories, fixed assets are exempt. Fixed assets include the principal residence, household and personal effects, a vehicle (up to a certain limit) and the value of prepaid funerals. Property and equipment required for employment are also generally considered exempt. Applicants are usually required to convert any non-exempt fixed assets into cash to cover their ongoing needs before they can qualify for welfare.

Liquid assets include cash on hand and in bank accounts, as well as stocks, bonds and securities that are readily convertible to cash. Most jurisdictions now exempt Registered Education Savings Plans. Table 1.1 presents the maximum allowable liquid asset limits in effect in January 2005 for our four typical welfare households. These limits vary according to the size of the household and, in some jurisdictions, the client's classification. For example, most recipients with a disability have higher asset exemption levels in recognition of the additional costs related to a disability. Households whose assets exceed these limits are not eligible for welfare.

Next, the welfare department identifies all the sources of income for the household. Each province and territory determines how income from various sources is treated—it may be fully exempt, partially exempt or not exempt at all. Exempt income is not taken into account when determining a household's entitlement. Examples include the Canada Child Tax Benefit Basic Benefit, provincial and territorial child welfare payments, the federal GST credit and many compensation payments (e.g., HIV, Hepatitis C). Income that is not exempt is deducted dollar for dollar from the welfare entitlement. Most pensions, Employment Insurance benefits, Workers' Compensation payments, training allowances and student assistance are considered non-exempt income. Most provinces and territories exempt a portion of a household's earnings—this is referred to as "earnings exemptions". Some have different earnings exemption provisions for those applying for welfare compared to those already receiving welfare. Earnings exemptions support welfare clients' personal efforts to join or return to the labour force by allowing them to retain a portion of their earnings. Table 1.3 at the end of this chapter provides a summary of earnings exemption provisions as of January 1, 2005 for our four household types.

¹ From 1966 until 1996, the needs test was the central eligibility criterion under the Canada Assistance Plan (CAP), which provided federal funding towards the cost of provincial and territorial welfare programs. CAP was replaced in 1996 by the Canada Health and Social Transfer (CHST), and then by the Canada Social Transfer (CST) in 2004. Neither the CHST nor the CST include a needs test as a requirement for federal funding. To date, no province or territory has done away with the needs test outright.

Finally, the welfare department subtracts all non-exempt income from the budgetary needs of the household. Applicants qualify for welfare if their household's assessed needs are greater than their non-exempted resources.

All in all, qualifying for welfare is a complicated, cumbersome and stigmatizing process.

As welfare programs evolve—for example, providing financial assistance for children through separate income-tested child benefit programs—eligibility criteria are changing. Despite its shortcomings, the needs test provides benefits based on family size and is responsive to sudden changes in a family's circumstances. By contrast, income-tested programs are much less intrusive or stigmatizing, since they are based on the household's taxable income. Assets are not considered and there is not the ongoing monitoring and requirement to report to authorities. However, because many income-tested programs are based on past income, they are not as responsive to rapid changes in a family's circumstances, such as significant income loss or a change in family size.

LIQUID ASSET EXEMPTION LEVELS

Table 1.1 presents liquid asset exemption levels as of January 2005. This table has changed from earlier reports and now focuses on provisions for our four household types only. It also shows, where applicable, the different provisions for those applying for assistance as opposed to those already receiving assistance.

There were very few changes between January 2004 and January 2005. Alberta's liquid asset exemption levels decreased with the introduction of the Alberta Works program in May 2004. With the exception of a person with a disability, the maximums allowed are equivalent to one month's assistance. A single person could only have \$402, as compared to \$1,500 under the former Supports to Independence program. The level for a lone parent with one child dropped from \$2,500 to \$858, and a family with two children had its level reduced from \$2,500 to \$1,317. However, the new system has eliminated the limits to the amount of cash assets that existed under the old program.

None of the asset exemption levels is generous, but some are non-existent. Having low or no exemptions for some applicants means that they have to spend their last dollar before they can qualify for assistance. This is the case for employable households in Prince Edward Island and Manitoba. In the Northwest Territories and Nunavut, neither applicants nor recipients are allowed any liquid assets.

Having higher liquid asset levels for recipients than for applicants doesn't make any sense either, because welfare incomes in all provinces and territories are so low that it is impossible to save any money without taking away from basic needs.

TABLE 1.1: LIQUID ASSET EXEMPTION LEVELS AS OF JANUARY 2005
PROVISIONS FOR APPLICANTS AND RECIPIENTS¹

	Single Employable Person	Single Person with a Disability	Lone Parent, One Child	Couple, Two Children
Newfoundland and Labrador	\$500	\$3,000 ²	\$1,500	\$1,500
Prince Edward Island	\$50 to \$200 ³	\$900	\$50 to \$1,200 ³	\$50 to \$1,800 ³
Nova Scotia	\$500	\$500	\$1,000	\$1,000
New Brunswick	\$1,000	\$3,000	\$2,000	\$2,000
Quebec	Applicants: \$816 ⁴ Recipients: \$1,500	Applicants: \$816 ⁴ Recipients: \$2,500	Applicants: \$1,166 ⁴ Recipients: \$2,850 ⁵	Applicants: \$1,661 ⁴ Recipients: \$2,949 ⁶
Ontario ⁷	\$520	\$5,000 ⁸	\$1,457	\$2,030
Manitoba ⁹	Applicants: \$0 Recipients: \$400	\$2,000	\$2,000	Applicants: \$0 Recipients: \$1,600
Saskatchewan	\$1,500	\$1,500	\$3,000	\$4,000
Alberta ¹⁰	\$402	\$1,114 ¹¹	\$858	\$1,317
British Columbia ¹²	Applicants: \$660 Recipients: \$1,500	\$3,000	Applicants: \$1,096 Recipients: \$2,500	Applicants: \$1,241 Recipients: \$2,500
Yukon	\$500	\$1,500	\$1,000	\$1,600
Northwest Territories ¹³	\$0	\$5,000	\$0	\$0
Nunavut ¹⁴	\$0	\$5,000	\$0	\$0

¹ Unless otherwise noted, the asset exemption provisions apply to both those applying for and receiving social assistance.

² This applies to a single person with a disability requiring supportive services.

- ³ Applicants requiring short-term assistance (four months or less) could not have assets in excess of \$50. The higher asset exemption levels applied to those requiring long-term assistance.
- ⁴ Single persons and families had to divest themselves of part of their liquid assets to qualify for welfare if their assets exceeded an amount set according to family size. Applicants were not eligible if their assets exceeded the fixed amounts. The determination of a household's assets excluded income received during the month of application which was to cover the cost of rent, heating and public utilities. Higher asset exemption levels applied after the first month on assistance.
- ⁵ The exemption for a lone parent was \$2,500 plus \$350 for the child.
- ⁶ The exemption for a couple was \$2,500 plus \$449 for the two children.
- ⁷ Asset levels were increased for Ontario Works clients in March 2005. The new limits were \$536 for a single person, \$1,487 for a lone parent with one child and \$2,062 for a couple with two children.
- ⁸ This was the asset exemption level for a single person on the Ontario Disability Support Program.
- ⁹ Under the General Assistance provisions of the Employment and Income Assistance program, employable singles, childless couples and two-parent families were not eligible for any liquid asset exemption at application.
- ¹⁰ The maximum allowable liquid assets for those in the "expected to work" category of Alberta Works were equivalent to one month's core benefit for the applicable household unit. For those in the "not expected to work" category, the maximum was equivalent to two months' core benefits. The maximum applicable National Child Benefit Supplement is included for families with children. In July 2005, asset exemption levels were increased to \$876 for a lone parent with one child and \$1,352 for a couple with two children as a result of the increase to the NCB Supplement. In August 2005, asset exemption levels for clients in the "not expected to work" category were increased when the Personal Needs Supplement was included as a supplement to core benefits. As a result, the asset exemption level increased to \$1,270.
- ¹¹ This represented the amount for an Alberta Works client in the "not expected to work" category. Most people with severe and permanent disabilities received assistance under the Assured Income for the Severely Handicapped (AISH) program. AISH has an asset limit of \$100,000, not including the primary residence, personal belongings, or a vehicle (includes a specially-adapted vehicle). Effective October 1, 2005, AISH was enhanced to include personal income supports. A \$3,000 liquid asset limit applies to clients requesting this new benefit.
- ¹² The maximum allowable cash assets for applicants (other than persons with a disability) were equivalent to one month's benefit, plus \$150 for a single person and \$250 for a family.
- ¹³ In the Northwest Territories, there was no exemption on liquid assets other than for persons with a disability and persons 60 years of age or older.
- ¹⁴ In Nunavut, there was no exemption on liquid assets other than for persons with a disability and persons 60 years of age or older.

Having low or no exemptions on liquid assets is bad public policy. It means that households have no cushion against unforeseen emergencies and it makes it more difficult for them cover additional costs as they try to move into the labour force. From the National Council of Welfare's perspective, ensuring that people are destitute when they come onto welfare traps them in a web of dependency.

TOTAL WELFARE INCOMES

Table 1.2 presents a cross-Canada summary of the estimated total welfare income of four households on welfare in 2005: a single employable person, a single person with a long-term disability, a lone-parent family with a 2-year-old child, and a two-parent family with two children aged 10 and 15. Total welfare income comprises provincial and territorial welfare benefits, child benefit and tax credit programs, plus federal child benefits and the GST rebate.

The incomes in Table 2.1 are based on the assumption that the typical households are receiving the maximum basic welfare benefit. These amounts could vary depending on the household's situation. Some households might get less if they had non-exempt income or did not follow a prescribed employment plan as a condition of eligibility. Other households might get more if they had regularly recurring special needs.

To ensure the comparability of the data as much as possible, we made a number of assumptions in calculating the levels of assistance. These assumptions include where welfare households lived, the ages of the children, the employability of the household head, the type of housing, case history and entitlement to additional assistance.

A. RESIDENCE

The welfare rates shown for each province or territory assume the household is living in the largest urban area in the province or territory. Some provinces and territories offer supplements to compensate welfare households living in remote areas for higher living costs.

B. AGES OF CHILDREN

Rates for families with children in this report are based on the assumption that the child in the lone-parent family is 2 years old and the children in the two-parent family are 10 and 15 years old. Some provinces and territories vary a family's benefit with the age of each child in the household.

C. EMPLOYABILITY OF THE HOUSEHOLD HEAD

We considered the single person and couple with two children to be employable. The single person with a disability is considered to have a medically certified, long-term disability.

The rates for lone parents are based on the employability classifications in each province and territory. In most jurisdictions, a lone parent with a two-year-old child would be considered unemployable or temporarily unavailable for work.

D. TYPE OF HOUSING

We assumed that the welfare households in this report are tenants in the private rental market rather than homeowners or social housing tenants. We also assumed that they did not share their accommodation. Most provinces and the three territories reduce welfare entitlements when households live in subsidized housing or share their housing.

Where shelter allowances do not include the cost of heat and utilities, we added these costs to the shelter rates. We used maximum shelter rates in all jurisdictions and we excluded any additional shelter amounts that are discretionary.

E. CASE HISTORY

In order to calculate the rates for the full year for this report, we assumed that these four typical households started receiving welfare on January 1, 2005 and remained on assistance until the last day of the calendar year.

We calculated basic social assistance and applicable child benefits month by month for each category of household in each province and territory, taking into account increases or decreases in rates as of their effective dates during the year. We also assumed that welfare households did not have any income from paid work during the time they were on assistance.

BASIC SOCIAL ASSISTANCE

The column called Basic Social Assistance in Table 1.2 shows the maximum amount that eligible households could receive from welfare to meet their basic needs. This includes amounts for food, clothing, shelter, and utilities, personal and household needs. This column also reflects any reduction in social assistance caused by the clawback of the National Child Benefit Supplement.

ADDITIONAL BENEFITS

Welfare departments also provide additional assistance for special needs, such as transportation allowances, child care, drug benefits and non-insured medical services. These may be provided in the form of cash or services. Eligibility is assessed on a case-by-case basis, depending on the household's circumstances.

Certain groups, such as persons with a disability or parents with school-age children, may receive special assistance automatically. Examples include supplementary allowances for persons with disabilities, back to school allowances and winter clothing allowances. In several provinces, special assistance also includes additional benefits to cover high shelter costs. The amounts in the second column in Table 1.2 include additional benefits that are paid automatically to welfare households.

FEDERAL CHILD BENEFITS

Child benefit programs provide financial support to low-income families with children, based on an income test. The third column of Table 1.2 shows the money paid by the federal government under the Canada Child Tax Benefit (CCTB), which includes both the CCTB Basic Benefit and the National Child Benefit Supplement (NCBS).

In all jurisdictions except Alberta, the lone parent with a two-year-old received \$3,076 and the couple with two older children received \$5,451 during the 2005 calendar year. Alberta varies the payments according to the ages of the children, so the two welfare families in Alberta received \$2,972 and \$5,537 respectively in 2005.

The federal government pays the child benefits every month to low- to middle-income families with children under 18. The amounts increase every year in July. Details on the way benefits are calculated are contained in Appendix C and Appendix D at the end of this report.

PROVINCIAL AND TERRITORIAL CHILD BENEFITS

The fourth column in Table 1.2 gives the amounts of provincial or territorial child benefits paid to welfare families. Child benefit programs exist in six provinces and the three territories. With the exception of Quebec, these benefits are administered by the federal government on behalf of the provinces and territories and are included in the monthly Canada Child Tax Benefit payment.

In five provinces—Newfoundland and Labrador, Nova Scotia, Quebec, Saskatchewan and British Columbia—the child benefit now pays basic benefits for children outside of the welfare system. It has replaced the money that was once paid through the welfare system. Some of these provinces claw back all or part of the NCB Supplement from their child benefit program; others pass it on. Any reduction in child benefits as a result of the clawback of the NCBS is reflected in this column.

In New Brunswick, Yukon, the Northwest Territories and Nunavut, the welfare programs still pay basic benefits for children. The provincial or territorial child benefit is paid in addition to their welfare benefits.

GST CREDIT

The column for the federal GST credit shows the federal refundable credit for the Goods and Services Tax or the federal portion of the Harmonized Sales Tax in Newfoundland and Labrador, Nova Scotia and New Brunswick. The GST credit is paid quarterly to lower-income individuals and families based on net household income during the previous two tax years. Amounts change in July of each year.

In 2005, the quarterly payments added up to \$225.50 for an adult or the first child in a lone-parent family and \$119 for each other child. Single adults, including lone parents, qualified for a supplement to the GST credit if their incomes were higher than \$7,253 in 2003

or \$7,377 in 2004. The maximum supplement in 2005 was \$119. All lone parents automatically receive the maximum supplement.

PROVINCIAL TAX CREDITS

The tax credits in Column 6 are the Harmonized Sales Tax Credit in Newfoundland and Labrador, the Sales and Property Tax Credits in Ontario, the Sales Tax Rebate in Saskatchewan and the Sales Tax Credit in British Columbia. The value of the Quebec Sales Tax Credit is included in Quebec's basic social assistance rate.

TABLE 1.2: ESTIMATED 2005 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Benefits ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial/Territorial Tax Credits	Total Welfare Income
NEWFOUNDLAND AND LABRADOR^{3, 4}							
Single Employable ⁵	\$7,189	\$732			\$237	\$40	\$8,198
Person with a Disability ^{5, 6}	\$7,189	\$2,232			\$267	\$40	\$9,728
Lone Parent, One Child ⁷	\$11,461	\$732	\$3,076	\$242 ⁸	\$570	\$100	\$16,181
Couple, Two Children ⁷	\$11,941	\$732	\$5,451	\$565 ⁸	\$689	\$200	\$19,578
PRINCE EDWARD ISLAND⁹							
Single Employable ¹⁰	\$5,988				\$226		\$6,214
Person with a Disability ¹¹	\$7,848				\$236		\$8,084
Lone Parent, One Child ^{12, 13}	\$10,061		\$3,076		\$570		\$13,707
Couple, Two Children ^{12, 13}	\$14,723	\$350	\$5,451		\$689		\$21,213
NOVA SCOTIA^{14, 15}							
Single Employable ¹⁶	\$5,196				\$226		\$5,422
Person with a Disability	\$8,646				\$251		\$8,897
Lone Parent, One Child ¹⁷	\$8,826		\$3,076	\$445 ¹⁸	\$570		\$12,917
Couple, Two Children ¹⁷	\$11,652	\$150	\$5,451	\$1,090 ¹⁸	\$689		\$19,032

TABLE 1.2: ESTIMATED 2005 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Benefits ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial/Territorial Tax Credits	Total Welfare Income
NEW BRUNSWICK^{19, 20, 21}							
Single Employable	\$3,201				\$226		\$3,427
Person with a Disability	\$6,762	\$1,000 ²²			\$233		\$7,995
Lone Parent, One Child ²³	\$8,860	\$900	\$3,076	\$250 ²⁴	\$570		\$13,656
Couple, Two Children ²³	\$9,927	\$1,000	\$5,451	\$500 ²⁵	\$689		\$17,567
QUEBEC^{25, 26}							
Single Employable	\$6,721				\$226		\$6,947
Person with a Disability	\$9,793				\$270		\$10,063
Lone Parent, One Child ²⁷	\$8,089	\$960	\$3,076	\$2,700 ²⁸	\$570		\$15,395
Couple, Two Children ²⁷	\$10,405	\$1,159	\$5,451	\$3,000 ²⁸	\$689		\$20,704
ONTARIO^{29, 30}							
Single Employable	\$6,400				\$226	\$381	\$7,007
Person with a Disability	\$11,450				\$305	\$302	\$12,057
Lone Parent, One Child ³¹	\$10,321	\$105	\$3,076		\$570	\$379	\$14,451
Couple, Two Children ³¹	\$12,231	\$407	\$5,451		\$689	\$524	\$19,302

TABLE 1.2: ESTIMATED 2005 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Benefits ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial/Territorial Tax Credits	Total Welfare Income
MANITOBA³²							
Single Employable	\$5,592				\$226		\$5,818
Person with a Disability ³³	\$7,397	\$960			\$244		\$8,601
Lone Parent, One Child ³³	\$9,636		\$3,076		\$570		\$13,282
Couple, Two Children ³³	\$14,057	\$160	\$5,451		\$689		\$20,357
SASKATCHEWAN^{34, 35, 36, 37}							
Single Employable	\$6,328	\$20			\$226	\$89	\$6,663
Person with a Disability ³⁸	\$7,680	\$860			\$252	\$101	\$8,893
Lone Parent, One Child ³⁹	\$9,052	\$20	\$3,076	\$315 ⁴⁰	\$570	\$202	\$13,235
Couple, Two Children ³⁹	\$12,488	\$235	\$5,451	\$111 ⁴¹	\$689	\$353	\$19,327
ALBERTA^{42,43}							
Single Employable	\$4,824				\$226		\$5,050
Person with a Disability ⁴⁴	\$6,684	\$936			\$231		\$7,851
Lone Parent, One Child ⁴⁵	\$8,784		\$2,972		\$570		\$12,326
Couple, Two Children ⁴⁵	\$12,996	\$275	\$5,537		\$689		\$19,497

TABLE 1.2: ESTIMATED 2005 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Benefits ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial/Territorial Tax Credits	Total Welfare Income
BRITISH COLUMBIA⁴⁶							
Single Employable	\$6,120	\$35			\$226	\$75	\$6,456
Person with a Disability ⁴⁷	\$10,277	\$35			\$269	\$75	\$10,656
Lone Parent, One Child	\$10,147	\$80	\$3,076	\$0 ⁴⁸	\$570	\$75	\$13,948
Couple, Two Children	\$11,893	\$212	\$5,451	\$71 ⁴⁹	\$689	\$150	\$18,466
YUKON⁵⁰							
Single Employable	\$11,990	\$155			\$322		\$12,467
Person with a Disability ⁵¹	\$11,990	\$2,405			\$345		\$14,740
Lone Parent, One Child ⁵²	\$15,474	\$260	\$3,076	\$450 ⁵³	\$570		\$19,830
Couple, Two Children ⁵²	\$21,307	\$685	\$5,359	\$900 ⁵³	\$684		\$28,935
NORTHWEST TERRITORIES^{54, 55}							
Single Employable	\$13,280				\$330		\$13,610
Person with a Disability ⁵⁶	\$13,330	\$3,600			\$345		\$17,275
Lone Parent, One Child ⁵⁷	\$18,672		\$3,076	\$330 ⁵⁸	\$570		\$22,648
Couple, Two Children ⁵⁷	\$25,103		\$5,181	\$660 ⁵⁸	\$689		\$31,633

TABLE 1.2: ESTIMATED 2005 ANNUAL WELFARE INCOME BY TYPE OF HOUSEHOLD

	Basic Social Assistance	Additional Benefits	Federal Child Benefits ¹	Provincial/Territorial Child Benefits	Federal GST Credit ²	Provincial/Territorial Tax Credits	Total Welfare Income
NUNAVUT ^{59, 60, 61, 62}							
Single Employable	\$10,686				\$285		\$10,971
Person with a Disability	\$10,826	\$2,100			\$329		\$13,255
Lone Parent, One Child ⁶³	\$18,178		\$3,076	\$330 ⁶⁴	\$570		\$22,154
Couple, Two Children ⁶³	\$31,515		\$3,519	\$660 ⁶⁴	\$631		\$36,325

¹ Refers to the Canada Child Tax Benefit (CCTB), which includes the CCTB Basic Benefit and the National Child Benefit Supplement (NCBS), received between January 1 and December 31, 2005.

² The federal GST credit includes the quarterly payments received between January 1 and December 31, 2005.

Newfoundland and Labrador

³ In December 2005, the Fuel Supplement was increased from \$25 to \$50 per month.

⁴ Additional benefits include a supplementary shelter benefit of \$61 per month (\$732 yearly) for all households and the Flat Rate Allowance for the Disabled of \$125 per month. The additional shelter benefit is automatically paid to households in St. John's since rental costs exceed the basic shelter rate.

⁵ The Family Benefit rate for singles and childless couples was increased by one percent in July 2005.

⁶ Responsibility for the Enriched Needs Program, which provides the Flat Rate Allowance for the Disabled of \$125 per month, was transferred to the Department of Community Services and Health in 2005. A person with a disability who purchases a supportive service under the program is also entitled to receive additional funds to meet the actual cost of shelter, utilities, telephone and, possibly, debts.

⁷ Newfoundland and Labrador does not deduct the NCBS or the Newfoundland and Labrador Child Benefit when calculating eligibility for Income Support.

⁸ The Newfoundland and Labrador Child Benefit increased in July 2005 from \$19.50 to \$20.83 for the first child and from \$26.75 to \$27.16 for the second child.

Prince Edward Island

⁹ Additional benefits include the School Allowance, issued in August and December. The allowance is \$75 for the 10-year-old and \$100 for the 15-year-old.

¹⁰ The majority of single people, whether employable or not, received a higher shelter allowance of \$435 per month. We used \$280 in our calculations, which is the legislated maximum for a single employable person. The shelter rate of \$435 is for people with mortgages or who have been renting for a considerable period of time prior to coming on assistance.

¹¹ Most disabled social assistance clients receive additional financial support through the Disability Support Program (DSP). Clients who are not eligible for the DSP may receive the Personal Care Allowance (\$53 per month) and the Special Care Allowance (\$40 per month) through the Social Assistance Program. These amounts are not included in the above table.

¹² The Healthy Child Allowance was increased in August 2005 from \$59 to \$76 per child per month. This mirrors the increase in the National Child Benefit Supplement.

¹³ PEI reduces the maximum benefit payable to families with children by the full amount of the NCB Supplement.

Nova Scotia

¹⁴ In October 2005, personal allowances increased from \$184 to \$190 per month.

¹⁵ Additional benefits include the annual School Supplies Supplement of \$50 for the 10-year-old and \$100 for the 15-year-old.

¹⁶ In October 2005, the basic shelter rate for a single employable person increased from \$235 to \$285 per month.

¹⁷ Nova Scotia passes on the full amount of the NCB Supplement.

¹⁸ The Nova Scotia Child Benefit is \$37.08 per month for the first child and \$53.75 per month for the second child.

New Brunswick

¹⁹Rates for the Interim Assistance, Transitional Assistance and Extended Benefits Program were increased by one percent in May and October 2005.

²⁰New Brunswick increased the monthly Fuel Supplement from \$90 to \$110 on November 1, 2005. Eligibility is determined on a case-by-case basis. It is paid in addition to basic assistance and is designed to help offset high heating costs for clients who pay for heat separately. It may be paid either monthly, from November to April, or as a one-time payment. This is not included in the above table.

²¹Additional benefits include the Income Supplement Benefit for families with children to offset high shelter costs (\$900 yearly), the School Supplement of \$50 per child per year, and the Disability Supplement (\$1,000 yearly).

²²Certified disabled clients who are in receipt of assistance on October 1 automatically receive the Disability Supplement. This annual benefit was introduced in October 2000 and originally set at \$250. It was increased to \$500 in October 2001, \$750 in October 2002 and \$1,000 in October 2003.

²³New Brunswick passes on the full amount of the NCB Supplement.

²⁴The New Brunswick Child Benefit is \$250 per child per year (\$20.83 per month).

Quebec

²⁵Employment Assistance rates increased in January 2005 for all client types. Basic assistance rates include the amount of the Quebec Sales Tax rebate.

²⁶Additional benefits include the monthly Housing Allowance of \$80 for families with children and an annual school allowance of \$76 for the 10-year-old and \$123 for the 15-year-old.

²⁷The NCB Supplement is passed on in full to all social assistance families.

²⁸The new Child Assistance measure was implemented in January 2005. It replaced the former Family Allowance, the tax credit for dependent children and the tax reduction for families. The maximum annual benefit was \$2,000 (\$166.67 per month) for a one-child family and \$3,000 (\$250 per month) for a two-child family. Lone parent families received an additional annual supplement of \$700 (\$58.33 per month).

Ontario

²⁹Ontario Works and the Ontario Disability Support Program (ODSP) rates were increased by three percent in March 2005.

³⁰ Additional benefits include the Winter Clothing Allowance for children (\$105 per child per year) and the annual Back to School Allowance of \$69 for the 10-year-old and \$128 for the 15-year-old.

³¹ In July 2004 and 2005, Ontario did not deduct the increase to the NCB Supplement.

Manitoba

³² Additional benefits include the Income Assistance for Persons with Disabilities (IAPD) benefit of \$80 per month plus the annual School supplies allowance of \$60 for the 10-year-old and \$100 for the 15-year-old.

³³ Manitoba no longer claws back the NCB Supplement for families on income assistance.

Saskatchewan

³⁴ The Saskatchewan Assistance Plan (SAP) basic allowance was increased in May 2005. At the same time, the shelter allowance was restructured, resulting in an increase for the single employable and lone parent and a decrease for the couple with two children. The shelter allowance for a person with a disability did not change.

³⁵ Saskatchewan pays actual utility costs. Amounts used are based on averages for the different household types during the 2005 calendar year.

³⁶ Additional benefits include the Temporary Energy Cost Allowance of \$20 for all households, the Disabled Persons Allowance of \$50 per month, the Special Transportation Allowance for the disabled of \$20 per month, and the annual Education Expenses Allowance of \$85 for the 10-year-old and \$130 for the 15-year-old. The Temporary Energy Cost Allowance is in effect from December 2005 to April 2006 only.

³⁷ The Saskatchewan Sales Tax Credit was implemented in 2000 to help low-income residents offset the cost of the provincial sales tax.

³⁸ Clients with a disability may also be eligible for the Disability Rental Housing Supplement, introduced in April 2005. The amount paid depends on family size, family income and the local rental market. The maximum monthly amount is \$93 for a single person and \$151 for a family (combined Family Housing Supplement and Disability Housing Supplement). The supplement is not included in the above table.

³⁹ Families with children may also be eligible for the Family Rental Housing Supplement, introduced in April 2005. The amount paid depends on family size, family income and the local rental market. The maximum monthly amount for one- and two-child families is \$89. The supplement is not included in the above table.

⁴⁰ The Saskatchewan Child Benefit (SCB) was designed to be a transitional benefit and is reduced as the NCB Supplement increases. In July 2004, the SCB was enhanced through the addition of a \$35 a month supplement for single parents. Without this enhancement, the SCB would have been zero for a lone parent with one child. Effective July 2005, the SCB for a lone parent with one child was reduced to \$17.42 a month.

⁴¹The SCB was designed to be a transitional benefit and is reduced as the NCB Supplement increases. As of July 2004, the SCB for two-parent families was reduced to zero for the first child and was \$17.83 a month for the second child. In July 2005 the amount for the second child was reduced to \$0.58 month (paid as a lump sum).

Alberta

⁴²In May 2004, Alberta implemented the Alberta Works program. This is a single support program for Albertans requiring financial assistance. It replaced the former Supports for Independence (social assistance) program, Widow's Pension program (former beneficiaries will continue to receive their Widow's Pension until they reach age 65), and, as of August 2004, the Skills Development program's living allowance for students.

⁴³Additional benefits include \$78 per month for Personal Needs for the person with a disability and the annual school expense allowance of \$100 for the 10-year-old and \$175 for the 15-year-old.

⁴⁴This report features the most basic disability benefit under the Alberta Works program. Most single people with severe and permanent disabilities receive assistance under the Assured Income for the Severely Handicapped (AISH) program. In January 2005, the maximum AISH benefit was \$850 a month. This increased to \$950 a month in April 2005. In addition, as of October 1, 2005, AISH clients with \$3,000 or less in assets could also be eligible to receive personal income support benefits for a variety of needs such as special diets and medical transportation.

⁴⁵Since August 2003, Alberta has passed on the full amount of the increase to the NCB Supplement.

British Columbia

⁴⁶Additional benefits include the annual Christmas Supplement (\$35 for singles, \$70 for a family with children and \$10 for each child) and the annual School Start-up Supplement of \$42 for the 10-year-old and \$58 for the 15-year-old.

⁴⁷In January 2005, the support rate for a single person with a disability increased from \$461.42 to \$531.42 per month.

⁴⁸The BC Family Bonus is reduced as the NCB Supplement increases. As of July 2004, the BC Family Bonus for a one-child family was reduced to zero.

⁴⁹The BC Family Bonus is reduced as the NCB Supplement increases. In July 2004, the BC Family Bonus for a two-child family was \$11.91 per month. Effective July 2005, it was reduced to zero.

Yukon

⁵⁰Additional benefits include the annual Christmas Allowance of \$30 per person, the Winter Clothing Allowance (\$75 for persons under 14 years and \$125 for persons 14 years or over), the annual School Supply Allowance of \$50 for children in grades 1-5 and \$65 for those in grades 6-12, and the monthly Territorial Supplementary Allowance for persons with a disability.

⁵¹In July 2005, the Territorial Supplementary Allowance was increased from \$125 to \$250 per month.

⁵²Yukon reduces social assistance by the full amount of the NCB Supplement.

⁵³In July 2004, Yukon increased the maximum Yukon Child Benefit from \$25 to \$37.50 per child per month. At the same time, the threshold for the maximum benefit increased from \$16,700 to \$25,000.

Northwest Territories

⁵⁴The Northwest Territories Income Assistance Program generally pays actual costs of shelter, fuel and utilities. For a single person, the maximum shelter allowance is \$750 per month. For the lone parent and a couple with two children, the average costs in Yellowknife were used. All clients other than those with a disability and seniors must participate in a "productive choice" in order to receive income assistance.

⁵⁵Additional benefits include the Disability Allowance of \$300 per month.

⁵⁶The rate for a person with a disability may vary. A number of persons with a disability received a room and board rate of approximately \$850 a month.

⁵⁷NWT reduces social assistance by the full amount of the NCB Supplement.

⁵⁸The NWT Child Benefit is \$27.50 per child per month.

Nunavut

⁵⁹Effective April 1, 2005, food rates increased by 5 percent.

⁶⁰The majority of Income Support households in Nunavut reside in public housing. Applicants living in private accommodation must apply for public housing before being approved for rent payments. Private rents range from \$1,500 to \$2,700 per month. The amounts used in this report are the legislated shelter maximums: \$450 for a single person, \$900 for a lone parent and \$1,500 for a couple with two children.

⁶¹All clients other than the persons with a disability must be in receipt of assistance for two months before the regular clothing allowance is paid. Clients may only receive the seasonal clothing allowance after they have been on assistance for six consecutive months.

⁶²Additional benefits include the Disability Allowance of \$175 a month.

⁶³Nunavut reduces social assistance by the amount of the NCB Supplement.

⁶⁴The Nunavut Child Benefit is \$27.50 per child per month.

In 2005, the three territories had the highest welfare incomes for all four household types. However, this is largely a reflection of the high costs of living in northern Canada.

At the provincial level, the four household types continued to subsist on meagre levels of support. For a single employable person, 2005 welfare incomes ranged from a low of \$3,427 in New Brunswick to a high of \$8,147 in Newfoundland and Labrador. The lowest welfare income for a single person with a disability was \$7,851 in Alberta²—followed by New Brunswick at \$7,995—and it peaked in Ontario at \$12,057. A lone parent with one child in Alberta had the lowest welfare income at \$12,326, compared to Newfoundland and Labrador, the highest at \$15,960. And finally, the welfare income of a couple with two children ranged from a low of \$17,567 in New Brunswick to a high of \$21,213 in Prince Edward Island.

EARNINGS EXEMPTION LEVELS

The figures that appear in the tables in this report do not take into account the fact that welfare incomes may be higher if recipients have income from employment. Earnings exemptions are an important bridge from welfare to paid employment. They not only allow recipients to increase their overall income, but they also encourage recipients to gain work experience and make the transition to the labour market. Most provinces and territories allow welfare recipients to retain a certain amount of earned income—either a flat-rate amount, a percentage of earnings, or both – without any reduction in their welfare cheques.

However, many welfare recipients are unable to work or to find or keep a job. We estimate that as of March 2005 about 110,000 households—just over ten percent of all households on welfare in Canada - reported earnings from employment.

Table 1.3 shows the earnings exemption provisions in each province and territory as of January 2005 for the four typical households on welfare. It also shows, where applicable, the different levels for applicants versus recipients. The format of this table has changed from earlier reports and now focuses on provisions for our four household types only. A number of provinces do not allow employable persons applying for assistance any exemption on earnings. This means that earnings are deducted in full when determining the applicant's welfare entitlement. In Nova Scotia and New Brunswick, this applies to the first month on assistance. In Ontario and Saskatchewan, it applies to the first three months on assistance for all clients other than those with a disability. In British Columbia there is no earnings exemption for applicants or recipients, other than for recipients with a disability.

² Most single persons with a disability in Alberta receive financial assistance through the Assured Income for the Severely Handicapped (AISH) program. AISH rates are higher than those used in this report.

ERRATA TO Welfare Incomes 2005

CHANGES TO TEXT ONLY - page 20, second paragraph:

“... a high of \$8,147 in Newfoundland and Labrador” should be replaced by “...a high of \$8,198” in ...”
“...the highest at \$15,960” should be replaced by “...the highest at \$16,181”.

Please note that the numbers in Table 1.2 remain correct.

CHANGES TO TABLES

APPENDIX A: ESTIMATED NUMBER OF PEOPLE ON WELFARE BY PROVINCE AND TERRITORY		
	March 31, 2004	% Change 2004-2005
MANITOBA ¹	60,800	0.2%
CANADA	1,713,900	-2.0%

¹ The 2004 data for Manitoba have been amended to include both municipal and provincial caseload data in order to ensure consistency with the data for 2005.

ERRATA – Revenus de bien-être social, 2005**CHANGEMENTS APPORTÉS AU TEXTE** - page 22, deuxième paragraphe.

« ... les plus élevés à Terre-Neuve-et-Labrador à 8 147 \$ » devrait être remplacé par « ...à 8 198 \$ ».

« ...comparativement à 15 960 \$ à Terre-Neuve-et-Labrador » devrait être remplacé par « ...comparativement à 16 181 \$... ».

Veuillez noter que les chiffres apparaissant au Tableau 1.2 demeurent inchangés.

CHANGEMENTS APPORTÉS AU TABLEAU

ANNEXE A : NOMBRE ESTIMATIF DE PRESTATAIRES DU BIEN-ÊTRE SOCIAL, PAR PROVINCE ET TERRITOIRE		
	31 mars 2004	Variation en % 2004-2005
MANITOBA ¹	60 800	0,2 %
CANADA	1 713 900	-2,0 %

¹ Les données de 2004 pour le Manitoba ont été modifiées afin d'inclure le nombre de personnes prestataires au niveau municipal et provincial et ainsi garantir la compatibilité avec les données de 2005.

The National Council of Welfare feels that the earnings exemption policies in some provinces make no sense. If governments want welfare recipients to get jobs, where is the logic in having no exemptions for the first month or the first three months on assistance? These are clear disincentives to employment. Improving earnings exemption policies so that they provide real supports for labour force participation makes sense. But paying decent welfare rates make the most sense.

TABLE 1.3: MONTHLY EARNINGS EXEMPTION LEVELS AS OF JANUARY 2005
PROVISIONS FOR APPLICANTS AND RECIPIENTS¹

	Single Employable Person	Single Person with a Disability	Lone Parent, One Child	Couple, Two Children
Newfoundland and Labrador ²	Up to \$75	Up to \$95 ³	Up to \$150	Up to \$150
Prince Edward Island	\$75 of net earned income plus 10% of the balance	\$75 of net earned income plus 10% of the balance	\$125 of net earned income plus 10% of the balance	\$125 of net earned income plus 10% of the balance
Nova Scotia	Applicants: no exemption Recipients: 30% of net wages	Applicants: no exemption Recipients: \$150 plus 30% of net surplus ⁴	Applicants: no exemption Recipients: 30% of net wages	Applicants: no exemption Recipients: 30% of net family wages
New Brunswick ⁵	Applicants: no exemption Recipients: \$200 ⁶	Applicants: no exemption Recipients: \$150 ⁷	Applicants: no exemption Recipients: \$200 ⁸	Applicants: no exemption Recipients: \$200 ⁸
Quebec	\$200 ⁹	\$100 ¹⁰	\$200 ¹¹	\$300 ¹²

TABLE 1.3: MONTHLY EARNINGS EXEMPTION LEVELS AS OF JANUARY 2005
PROVISIONS FOR APPLICANTS AND RECIPIENTS¹

	Single Employable Person	Single Person with a Disability	Lone Parent, One Child	Couple, Two Children
Ontario ¹³	<p>Applicants: no exemption for first 3 months on assistance</p> <p>Recipients: \$143 plus variable exemption¹⁴ against net income</p>	<p>\$160 basic exemption plus 25% of net earnings¹⁵ (ODSP)</p>	<p>Applicants: no exemption for first 3 months on assistance</p> <p>Recipients: \$275 plus variable exemption plus¹⁶ child care</p>	<p>Applicants: no exemption for first 3 months</p> <p>Recipients: \$346 plus variable exemption plus¹⁶ child care</p>
Manitoba	<p>Applicants: \$100 of net earnings</p> <p>Recipients: after one month, \$100 of net earnings plus 25% of net earnings over \$100</p>	<p>Applicants: \$100 of net earnings</p> <p>Recipients: after one month, \$100 of net earnings plus 30% of net earnings over \$100</p>	<p>Applicants: \$115 of net earnings</p> <p>Recipients: after one month, \$115 of net earnings plus 25% of net earnings over \$115</p>	<p>Applicants: \$100 of net earnings for each earner</p> <p>Recipients: after one month, \$100 of net earnings plus 25% net earnings over \$100, for each earner</p>

TABLE 1.3: MONTHLY EARNINGS EXEMPTION LEVELS AS OF JANUARY 2005
PROVISIONS FOR APPLICANTS AND RECIPIENTS¹

	Single Employable Person	Single Person with a Disability	Lone Parent, One Child	Couple, Two Children
Saskatchewan ¹⁷	Applicants: no exemption for first 3 months Recipients: \$25 plus 20% of surplus, to a maximum exemption of \$100	\$100 plus 25% of surplus, to a maximum exemption of \$225	Applicants: no exemption for first 3 months Recipients: \$125 Clients with earnings over \$125 are eligible for the Saskatchewan Employment Supplement ¹⁸	Applicants: no exemption for first 3 months Recipients: \$125 Clients with earnings over \$125 are eligible for the Saskatchewan Employment Supplement ¹⁸
Alberta ¹⁹	\$115 of net income plus 25% of surplus	\$115 of net income plus 25% of surplus ²⁰	\$230 of net income plus 25% of surplus	\$115 of net income for each working adult plus 25% of surplus
British Columbia	No earnings exemption	Applicants: no exemption for first 3 months Recipients: \$400 ²¹	No earnings exemption	No earnings exemption

TABLE 1.3: MONTHLY EARNINGS EXEMPTION LEVELS AS OF JANUARY 2005
PROVISIONS FOR APPLICANTS AND RECIPIENTS¹

	Single Employable Person	Single Person with a Disability	Lone Parent, One Child	Couple, Two Children
Yukon	Applicants: \$100 Recipients: \$100 plus additional 25% of surplus after third consecutive month on assistance	Applicants: \$100 Recipients: \$100 plus additional 25% of surplus after third consecutive month on assistance ²²	Applicants: \$150 Recipients: \$150 plus additional 25% of surplus after third consecutive month on assistance	Applicants: \$150 Recipients: \$150 plus additional 25% of surplus after third consecutive month on assistance
Northwest Territories	\$200	\$200	\$400	\$400
Nunavut	\$200	\$200	\$400	\$400

¹ Unless otherwise noted, the earnings exemption levels apply to both those applying for and receiving social assistance.

² Newfoundland and Labrador amended its earnings exemptions policy in July 2005. Single employable persons had the first \$75 exempt, then 10 percent of the excess to a maximum exemption of \$150. A single person with a disability had the first \$95 exempt, then 10 percent of the excess to a maximum exemption of \$150. Units of two or more persons had the first \$150 exempt, plus 10 percent of the excess to a maximum exemption of \$275.

³ A person with a disability is one who requires supportive services.

⁴ Nova Scotia's provision applied to persons with a disability participating in supported employment. Additional special needs such as transportation, child care and clothing were included in the client's basic entitlement before the exemption was applied.

⁵ New Brunswick has two types of wage exemptions. The regular Wage Exemption amounts are shown in the above table. The Extended Wage Exemption (EWE) provides higher exemptions to clients during their transition to self-sufficiency. A client may only receive one type of exemption at any time. The EWE, which is limited to a maximum of two years, exempts a percentage of net income based on the household type. Singles and families with no children may receive an exemption of up to 30 percent of net earned income for the first six months, 25 percent of net income for the next six months, then the appropriate flat rate wage exemption for the remaining 12 months. Families with children may receive an exemption of up to 35 percent of income for the first six months, 30 percent of income for the next six months, then the regular flat rate wage exemption for the remaining 12 months.

⁶ This was for a single person receiving Interim Assistance. This amount was increased to \$300 per month in September 2005.

⁷ This was for a single person with a disability receiving Extended Benefits. This amount was increased to \$250 per month in September 2005.

⁸ This was for a family receiving Transitional Assistance.

⁹ This was for a person with no limitations to employment.

¹⁰ This was for a person with severe limitations to employment.

¹¹ This was for a person with temporary limitations to employment.

¹² This was for a couple with no limitations to employment.

¹³ New earnings exemption provisions were introduced in August 2005 for Ontario Works clients. The flat-rate and variable exemptions were discontinued and replaced by an across-the-board exemption of 50 percent of gross earnings.

¹⁴ The variable exemption allowed recipients to retain a portion of their net earnings once the flat-rate exemption was applied. It varied depending on the number of months the household declared earnings. For the first 12 months on assistance the variable exemption was 25 percent; for 13 to 24 months on assistance it was 15 percent; and after 24 months there was no further exemption.

¹⁵ Disability-related work expenses up to a maximum of \$140 per month could be deducted.

¹⁶ This was either the actual monthly cost for licensed child care or a maximum of \$390/month for each child under age 13.

¹⁷ Fully employable persons were not entitled to an earnings exemption until they had been on assistance for three months.

¹⁸ The Saskatchewan Employment Supplement (SES) is a monthly payment to low-income parents who worked for pay, were self-employed or received child or spousal support. The supplement is paid at the rate of 25 to 45 percent of income and depends on the size of the family and the ages of the children. In January 2005, the maximum monthly benefit for a lone parent with one child aged 2 was \$242. A couple with two children aged 10 and 15 could receive a maximum of \$281. SES rates were increased in July 2005 to \$248 (one child age 2) and \$288 (two children aged 10 and 15). The SES is fully exempted income in determining entitlement to social assistance benefits.

¹⁹These are exemption levels under the new Alberta Works program, implemented in May 2004. The amounts did not change from the previous Supports for Independence program.

²⁰Persons who qualified for the Assured Income for the Severely Handicapped (AISH) program had higher earnings exemptions. An eligible single person had a flat-rate exemption of \$200 a month plus 25 percent of additional employment income. As of October 1, 2005, this increased to \$400 plus 50 percent of the surplus, to a total maximum exemption of \$700. In addition, AISH clients were also able to receive a partial exemption for other types of income, such as investment income, of \$200 a month plus 25 percent of the surplus.

²¹This increased to \$500 in March 2005.

²²Effective July 2005, persons who qualified for the Territorial Supplementary Allowance (payable to persons with a disability and the elderly) were eligible for an additional annual earned income exemption of \$3,900.

II. ADEQUACY OF WELFARE INCOMES

Welfare incomes were woefully inadequate in 2005, as they have been every year since 1986, when the National Council of Welfare started tracking them. Welfare recipients are among the poorest of the poor and have to subsist on incomes far below what most people would consider reasonable. And, hand in hand with their inadequate incomes, is the social deprivation that people on welfare experience. They are so poor that they cannot access the resources that many of us take for granted—resources such as adequate housing, employment, and recreational opportunities.

This chapter compares welfare incomes in 2005 to Statistics Canada's pre-tax low income cut-offs. In the absence of an official poverty line, the National Council of Welfare regards these as poverty lines. The National Council of Welfare uses the version of the cut-offs based on incomes after government transfer payments such as welfare and child benefits but before the payment of federal and provincial income taxes. Before tax cut-offs are especially appropriate for assessing the adequacy of welfare incomes, because social assistance payments are not taxable.

This chapter also compares 2005 welfare incomes with before-tax average and median incomes.

2005 POVERTY LINES

Each year Statistics Canada calculates the low income cut-offs—or LICOs—for households of different sizes in communities of different sizes. They approximate levels of income where people are forced to spend a much higher proportion of their income on the basics of food, shelter and clothing compared to other Canadians.

Table 2.1 compares 2005 welfare incomes to the poverty lines. Column one shows the total welfare incomes of the four typical households in the ten provinces. The three territories are not included in this table because they are excluded from the Statistics Canada survey used to generate the low income cut-offs.

Column two indicates the 2005 poverty lines for the largest city in each province. The poverty gap, or difference between the total welfare income and the poverty line, is shown in column three. The fourth column represents the total welfare income as a percentage of the poverty line.

In 2005, all households except the lone parent in Newfoundland and Labrador had welfare incomes below two-thirds of the poverty line and just over half of the households had incomes that were one-half of the poverty line or less, reflecting the gross inadequacy of welfare incomes.

In 2005, welfare incomes for single employable people were by far the lowest. Not one reached 50 percent of the poverty line. They ranged from a low of 19 percent of the poverty line in New Brunswick to a high of 46 percent in Newfoundland and Labrador.

Welfare incomes for single persons with a disability were the lowest in Alberta¹ at 38 percent of the poverty line, followed by 41 percent in Manitoba. The highest level was in Ontario, at 58 percent of the poverty line.

For a lone parent with one child, Alberta had the lowest welfare income, at 48 percent of the poverty line. The highest was in Newfoundland and Labrador, where it was 73 percent of the poverty line.

Finally, the welfare incomes for two-parent families with two children were the lowest in British Columbia at 48 percent of the poverty line. Prince Edward Island was the highest, at 64 percent of the poverty line.

No province had welfare incomes even close to the poverty line. Single employable persons were by far the worst off, with most incomes hovering around one-third of the poverty line. Single persons with a disability were marginally better off, but their incomes still were 50 percent of the poverty line or less in almost all provinces. Finally, lone parents and couples with children had incomes 60 percent or less of the poverty line in most provinces.

¹ Most single persons with a disability in Alberta receive financial assistance through the Assured Income for the Severely Handicapped (AISH) program. AISH rates are higher than those used in this report.

TABLE 2.1: ADEQUACY OF 2005 WELFARE INCOMES

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
NEWFOUNDLAND AND LABRADOR				
Single Employable	\$8,198	\$17,895	-\$9,697	46%
Person with a Disability	\$9,728	\$17,895	-\$8,167	54%
Lone Parent, One Child	\$16,181	\$22,276	-\$6,095	73%
Couple, Two Children	\$19,578	\$33,251	-\$13,673	59%
PRINCE EDWARD ISLAND				
Single Employable	\$6,214	\$17,784	-\$11,570	35%
Person with a Disability	\$8,084	\$17,784	-\$9,700	45%
Lone Parent, One Child	\$13,707	\$22,139	-\$8,432	62%
Couple, Two Children	\$21,213	\$33,046	-\$11,833	64%
NOVA SCOTIA				
Single Employable	\$5,422	\$17,895	-\$12,473	30%
Person with a Disability	\$8,897	\$17,895	-\$8,998	50%
Lone Parent, One Child	\$12,917	\$22,276	-\$9,359	58%
Couple, Two Children	\$19,032	\$33,251	-\$14,219	57%
NEW BRUNSWICK				
Single Employable	\$3,427	\$17,895	-\$14,468	19%
Person with a Disability	\$7,995	\$17,895	-\$9,900	45%
Lone Parent, One Child	\$13,656	\$22,276	-\$8,620	61%
Couple, Two Children	\$17,567	\$33,251	-\$15,684	53%
QUEBEC				
Single Employable	\$6,947	\$20,778	-\$13,831	33%
Person with a Disability	\$10,063	\$20,778	-\$10,715	48%
Lone Parent, One Child	\$15,395	\$25,867	-\$10,472	60%
Couple, Two Children	\$20,704	\$38,610	-\$17,906	54%

TABLE 2.1: ADEQUACY OF 2005 WELFARE INCOMES

	Total Welfare Income	Poverty Line	Poverty Gap	Total Welfare Income as % of Poverty Line
ONTARIO				
Single Employable	\$7,007	\$20,778	-\$13,771	34%
Person with a Disability	\$12,057	\$20,778	-\$8,721	58%
Lone Parent, One Child	\$14,451	\$25,867	-\$11,416	56%
Couple, Two Children	\$19,302	\$38,610	-\$19,308	50%
MANITOBA				
Single Employable	\$5,818	\$20,778	-\$14,960	28%
Person with a Disability	\$8,601	\$20,778	-\$12,177	41%
Lone Parent, One Child	\$13,282	\$25,867	-\$12,585	51%
Couple, Two Children	\$20,357	\$38,610	-\$18,253	53%
SASKATCHEWAN				
Single Employable	\$6,663	\$17,895	-\$11,232	37%
Person with a Disability	\$8,893	\$17,895	-\$9,002	50%
Lone Parent, One Child	\$13,235	\$22,276	-\$9,041	59%
Couple, Two Children	\$19,327	\$33,251	-\$13,924	58%
ALBERTA				
Single Employable	\$5,050	\$20,778	-\$15,728	24%
Person with a Disability	\$7,851	\$20,778	-\$12,927	38%
Lone Parent, One Child	\$12,326	\$25,867	-\$13,541	48%
Couple, Two Children	\$19,497	\$38,610	-\$19,113	50%
BRITISH COLUMBIA				
Single Employable	\$6,456	\$20,778	-\$14,322	31%
Person with a Disability	\$10,656	\$20,778	-\$10,122	51%
Lone Parent, One Child	\$13,948	\$25,867	-\$11,919	54%
Couple, Two Children	\$18,466	\$38,610	-\$20,144	48%

2005 AVERAGE INCOME

Table 2.2 shows welfare incomes as a percentage of average 2005 incomes in each province. The average income is based on the 2004 Survey of Labour and Income Dynamics (SLID), adjusted by the Consumer Price Index to 2005. Income refers to income from all sources, including government transfers, but before federal or provincial income taxes are deducted. The three territories are not included because they are excluded from the survey.

For the single employable person and the single person with a disability, we used average pre-tax incomes in each province for all unattached people. For lone parents, we used the average incomes of lone parents under 65 with children under 18. For the two-parent family, we used the average incomes of couples under 65 with children under 18. Average incomes vary considerably between rich and poor provinces, and also between different family types. Average incomes for one-earner households are relatively low, whereas most couples with children have much higher incomes. This is because both parents in the couple are often employed.

In 2005, welfare incomes remained far below average incomes for all household types. The welfare income of a single employable person ranged from just 15 percent of the average income of single people in New Brunswick and Alberta to a high of 41 percent in Newfoundland and Labrador.

The welfare income of a person with a disability ranged from a low of 23 percent of the average income of singles in Alberta² (followed by 30 percent in Manitoba) to 48 percent in Newfoundland and Labrador.

In Alberta, the lone parent's welfare income represented 27 percent of the average income of lone parents in that province, compared to 54 percent in Newfoundland and Labrador.

The couple with two children on welfare in Ontario received only 19 percent of the average income of Ontario couples with children. A two-parent family on welfare in Prince Edward Island received 32 percent of the average income of two-parent families in the province.

² Most single persons with a disability in Alberta receive financial assistance through the Assured Income for the Severely Handicapped (AISH) program. AISH rates are higher than those used in this report.

TABLE 2.2: 2005 WELFARE INCOMES AS A
PERCENTAGE OF AVERAGE INCOMES

	Welfare Income 2005	Estimated Average Income 2005	Welfare Income as % of Estimated Average Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$8,198	\$20,236	41%
Person with a Disability	\$9,728	\$20,236	48%
Lone Parent, One Child	\$16,181	\$29,945	54%
Couple, Two Children	\$19,578	\$68,678	29%
PRINCE EDWARD ISLAND			
Single Employable	\$6,214	\$21,769	29%
Person with a Disability	\$8,084	\$21,769	37%
Lone Parent, One Child	\$13,707	\$29,536	46%
Couple, Two Children	\$21,213	\$65,919	32%
NOVA SCOTIA			
Single Employable	\$5,422	\$27,185	20%
Person with a Disability	\$8,897	\$27,185	33%
Lone Parent, One Child	\$12,917	\$33,215	39%
Couple, Two Children	\$19,032	\$74,606	26%
NEW BRUNSWICK			
Single Employable	\$3,427	\$23,302	15%
Person with a Disability	\$7,995	\$23,302	34%
Lone Parent, One Child	\$13,656	\$30,558	45%
Couple, Two Children	\$17,567	\$74,708	24%
QUEBEC			
Single Employable	\$6,947	\$30,353	23%
Person with a Disability	\$10,063	\$30,353	33%
Lone Parent, One Child	\$15,395	\$39,858	39%
Couple, Two Children	\$20,704	\$84,315	25%

TABLE 2.2: 2005 WELFARE INCOMES AS A
PERCENTAGE OF AVERAGE INCOMES

	Welfare Income 2005	Estimated Average Income 2005	Welfare Income as % of Estimated Average Income
ONTARIO			
Single Employable	\$7,007	\$35,157	20%
Person with a Disability	\$12,057	\$35,157	34%
Lone Parent, One Child	\$14,451	\$39,654	36%
Couple, Two Children	\$19,302	\$103,835	19%
MANITOBA			
Single Employable	\$5,818	\$28,207	21%
Person with a Disability	\$8,601	\$28,207	30%
Lone Parent, One Child	\$13,282	\$38,938	34%
Couple, Two Children	\$20,357	\$80,534	25%
SASKATCHEWAN			
Single Employable	\$6,663	\$26,265	25%
Person with a Disability	\$8,893	\$26,265	34%
Lone Parent, One Child	\$13,235	\$29,638	45%
Couple, Two Children	\$19,327	\$76,139	25%
ALBERTA			
Single Employable	\$5,050	\$34,237	15%
Person with a Disability	\$7,851	\$34,237	23%
Lone Parent, One Child	\$12,326	\$45,275	27%
Couple, Two Children	\$19,497	\$96,988	20%
BRITISH COLUMBIA			
Single Employable	\$6,456	\$31,069	21%
Person with a Disability	\$10,656	\$31,069	34%
Lone Parent, One Child	\$13,948	\$32,193	43%
Couple, Two Children	\$18,466	\$85,439	22%

2005 MEDIAN INCOME

Table 2.3 compares welfare incomes to the median pre-tax 2005 income of families. The median income is the midpoint of the income spectrum: one half of incomes are below it and the other half are above it. It is considered by many to be a better indicator than an average, which is distorted by extremely high or low amounts. The data were produced by the Small Area and Administrative Data Division of Statistics Canada based on income tax data for 2003 for the four typical households in the largest municipal area in each province. Data are based on the definition of a Census family. Data for the entire territory were used for Yukon, the Northwest Territories and Nunavut. In our figures, income includes market income and government transfers before taxes. All income data have been adjusted by the Consumer Price Index to provide 2005 estimates.

The picture is still much the same: in all provinces, welfare incomes remain far below median incomes. Single persons continued to fare the worst. The welfare income of a single person in both New Brunswick and Alberta was 18 percent of the median income for single persons. A single person on welfare in Newfoundland and Labrador received 44 percent of the median income.

The welfare income of a single person with a disability as a percentage of median income ranged from a low of 29 percent in Alberta³ (followed by both Nova Scotia and Manitoba at 38 percent) to a high of 53 percent in Newfoundland and Labrador and Ontario.

The welfare income of a lone parent in Alberta represented 34 percent of median income, compared to a high of 62 percent in Newfoundland and Labrador.

Finally, couples with children did the worst overall. The difference between the lowest and highest provinces was only six percentage points. In Alberta, welfare income represented only 22 percent of median income, compared to Prince Edward Island, where it was 28 percent of the median income.

At the provincial level, welfare incomes as a percentage of median incomes were the lowest in Alberta for all four household types. They ranged from a low of 18 percent for a single person to a high of 34 percent for a lone parent with one child.

In the territories, welfare benefits as a percentage of median income were more generous for most household types, but particularly for lone parents and couples with children. This may be partly attributed to the higher welfare rates paid in the territories to take into account the higher cost of living.

³ Most single persons with a disability in Alberta receive financial assistance through the Assured Income for the Severely Handicapped (AISH) program. AISH rates are higher than those used in this report.

TABLE 2.3: 2005 WELFARE INCOMES AS A
PERCENTAGE OF MEDIAN INCOMES

	Welfare Income 2005	Estimated Median Income 2005	Welfare Income as % of Estimated Median Income
NEWFOUNDLAND AND LABRADOR			
Single Employable	\$8,198	\$18,426	44%
Person with a Disability	\$9,728	\$18,426	53%
Lone Parent, One Child	\$16,181	\$26,025	62%
Couple, Two Children	\$19,578	\$80,261	24%
PRINCE EDWARD ISLAND			
Single Employable	\$6,214	\$19,363	32%
Person with a Disability	\$8,084	\$19,363	42%
Lone Parent, One Child	\$13,707	\$28,836	48%
Couple, Two Children	\$21,213	\$74,640	28%
NOVA SCOTIA			
Single Employable	\$5,422	\$23,214	23%
Person with a Disability	\$8,897	\$23,214	38%
Lone Parent, One Child	\$12,917	\$28,732	45%
Couple, Two Children	\$19,032	\$81,510	23%
NEW BRUNSWICK			
Single Employable	\$3,427	\$19,363	18%
Person with a Disability	\$7,995	\$19,363	41%
Lone Parent, One Child	\$13,656	\$25,713	53%
Couple, Two Children	\$17,567	\$77,034	23%
QUEBEC			
Single Employable	\$6,947	\$20,508	34%
Person with a Disability	\$10,063	\$20,508	49%
Lone Parent, One Child	\$15,395	\$31,230	49%
Couple, Two Children	\$20,704	\$78,283	26%

TABLE 2.3: 2005 WELFARE INCOMES AS A
PERCENTAGE OF MEDIAN INCOMES

	Welfare Income 2005	Estimated Median Income 2005	Welfare Income as % of Estimated Median Income
ONTARIO			
Single Employable	\$7,007	\$22,902	31%
Person with a Disability	\$12,057	\$22,902	53%
Lone Parent, One Child	\$14,451	\$33,624	43%
Couple, Two Children	\$19,302	\$79,845	24%
MANITOBA			
Single Employable	\$5,818	\$22,382	26%
Person with a Disability	\$8,601	\$22,382	38%
Lone Parent, One Child	\$13,282	\$31,230	43%
Couple, Two Children	\$20,357	\$79,116	26%
SASKATCHEWAN			
Single Employable	\$6,663	\$21,861	30%
Person with a Disability	\$8,893	\$21,861	41%
Lone Parent, One Child	\$13,235	\$26,962	49%
Couple, Two Children	\$19,327	\$79,532	24%
ALBERTA			
Single Employable	\$5,050	\$27,482	18%
Person with a Disability	\$7,851	\$27,482	29%
Lone Parent, One Child	\$12,326	\$36,123	34%
Couple, Two Children	\$19,497	\$88,069	22%
BRITISH COLUMBIA			
Single Employable	\$6,456	\$22,069	29%
Person with a Disability	\$10,656	\$22,069	48%
Lone Parent, One Child	\$13,948	\$30,814	45%
Couple, Two Children	\$18,466	\$71,309	26%

TABLE 2.3: 2005 WELFARE INCOMES AS A
PERCENTAGE OF MEDIAN INCOMES

	Welfare Income 2005	Estimated Median Income 2005	Welfare Income as % of Estimated Median Income
YUKON			
Single Employable	\$12,467	\$26,337	47%
Person with a Disability	\$14,740	\$26,337	56%
Lone Parent, One Child	\$19,830	\$33,520	59%
Couple, Two Children	\$28,935	\$92,753	31%
NORTHWEST TERRITORIES			
Single Employable	\$13,610	\$33,312	41%
Person with a Disability	\$17,275	\$33,312	52%
Lone Parent, One Child	\$22,648	\$28,315	80%
Couple, Two Children	\$31,633	\$103,475	31%
NUNAVUT			
Single Employable	\$10,971	\$34,249	32%
Person with a Disability	\$13,255	\$34,249	39%
Lone Parent, One Child	\$22,154	\$19,883	111%
Couple, Two Children	\$36,325	\$66,104	55%

Regardless of the measure used, the 2005 welfare incomes fall far below what households need to meet their basic living costs, let alone be considered as “included” in Canadian society. No province had welfare incomes remotely close to any of the measures used. Two provinces are consistently at the bottom across all three measures: New Brunswick, for single persons, and Alberta, for both the person with a disability⁴ and the lone parent. Conversely, two provinces ranked highest across all three measures. They are Newfoundland and Labrador, for both the single person and the lone parent, and Prince Edward Island, for the couple with two children.

⁴ Most single persons with a disability in Alberta receive financial assistance through the Assured Income for the Severely Handicapped (AISH) program. AISH rates are higher than those used in this report.

III. WELFARE INCOMES OVER TIME

This chapter looks at total welfare incomes over time—both welfare and other benefits provided by provincial and territorial governments combined with federal benefits such as the Canada Child Tax Benefit and the GST credit.

Earlier editions of *Welfare Incomes* looked mainly at provincial and territorial welfare and related benefits over time, because these were the benefits that were most likely to undergo major changes. The social policy landscape began changing in 1998, however, because of the new system of federal child benefits and the clawback of the National Child Benefit Supplement by most provinces and territories.

The National Council of Welfare now believes that looking at welfare income from all sources over time is much more informative than looking at provincial and territorial benefits alone.

Total welfare income, as in the previous chapter, includes basic social assistance and additional welfare benefits, provincial and territorial child benefits, provincial and territorial tax credits, federal child benefits and the GST credit. All the incomes in the tables and the graphs that follow are expressed in constant 2005 dollars to factor out the influence of inflation over the years.

Table 3.1 shows total welfare incomes over time. It looks at the welfare incomes between 1986 and 2005 for the single employable person, the lone parent with one child and the two-parent family with two children. The National Council of Welfare did not include the single person with a disability in its original calculations of welfare incomes for 1986, so the comparison for this group is available from 1989 to 2005. The National Council of Welfare first estimated welfare incomes in the Northwest Territories in 1993. The data for Nunavut started in 1999, with the creation of the new territory.

Table 3.2 looks at the percentage change in welfare incomes between 2004 and 2005, 1997 (the last full year under the old system of federal child benefits) and 2005, and 1989 and 2005.

Table 3.3 looks at when welfare incomes were at their peak and compares them to 2005.

THE SHORT TERM: 2004 TO 2005

Most welfare incomes continued to decline in 2005, making life more difficult for the nearly 1.7¹ million children, women and men who relied on welfare.

Between 2004 and 2005, there were only 17 increases in welfare incomes among the 52 calculations done by the National Council of Welfare for the four household types in the 13 jurisdictions.

¹ Excludes an estimated 150,000 First Nations people on reserve who receive welfare.

Because welfare rates are not adjusted automatically for increases in the Consumer Price Index—a technique known as indexing—welfare recipients typically lose ground to the cost of living year after year. Quebec has full indexing for some recipients and partial indexing for others, and Newfoundland and Labrador plan to start indexing welfare benefits in 2007.

Between 2004 and 2005, the cost of living rose 2.2 percent. Many welfare rates remained the same both years, so the purchasing power of welfare benefits declined by 2.2 percent.

On the federal side, both child benefits and the GST credit have been indexed since 2000. The CCTB was further enhanced in 2003, and benefits since that time have been increasing much faster than the cost of living. The increase between 2004 and 2005 averaged about six percent but varied slightly, depending on the number of children in the family.

The increase in federal child benefits helped to take the sting out of low welfare rates in some provinces, but it was not enough to increase the overall purchasing power of welfare families with children between 2004 and 2005.

Some provinces and territories made improvements in their welfare and related benefits, but most of the changes were too small to have much of an impact. The most notable increases took place in Quebec and to a lesser extent in Saskatchewan, British Columbia and Yukon.

Here are some of the improvements made by provinces and territories in 2005.

- In Newfoundland and Labrador, Family Benefit rates for single persons were increased by one percent in July, the Newfoundland and Labrador Child Benefit rates were increased in July, and the Fuel Supplement was increased in December for all households.
- In Prince Edward Island, the Healthy Child Allowance was increased in August.
- In Nova Scotia, the personal allowance component of welfare was increased for all clients and the shelter allowance for singles increased by \$50 per month in October.
- In New Brunswick, welfare rates increased by one percent in May and another one percent in October.
- In Quebec, welfare rates were increased in January and a new system of provincial child benefits also went into effect. The new Child Assistance measure replaced the former Family Allowance and several tax credits for families. A lone parent with one child could receive a maximum of \$2,700 per year, and a couple with two children could receive up to \$3,000 per year.
- In Ontario, welfare rates for all households were increased by three percent in March. However, all households except the couple saw a decrease in their welfare income compared to the previous year. This was due to a lump sum special payment in the fall of 2004 to all welfare households which made incomes for the year unduly large compared to 2005.

- In Saskatchewan, the basic allowance for adults was increased in May. At the same time, the shelter allowance was restructured, resulting in an increase for the single person and lone parent, but a decrease for the couple with two children. The shelter rate for a single person with a disability did not change.
- In British Columbia, the rate for a person with a disability increased by \$70 a month in January.
- In the Yukon, the Territorial Supplementary Allowance, payable to persons with a disability, increased by \$125 a month in July.
- In Nunavut, food rates were increased by five percent in April.

In the Northwest Territories, all four household types saw an increase in their welfare income, but not because of the usual type of increase in welfare rates. The Northwest Territories pays actual costs for shelter and utilities, and more current data became available. However, since these merely offset higher costs, welfare recipients don't gain any purchasing power from the increase.

THE LONGER VIEW: 1986 TO 2005

Over the longer term, welfare incomes have been seriously eroded, but particularly over the past five years. Between 2000 and 2005, welfare incomes were at their lowest levels in 32 of the 52 scenarios we looked at. Five provinces—Ontario, Manitoba, Saskatchewan, Alberta and British Columbia—recorded the lowest levels of welfare incomes for all four household types between 2000 and 2005. In 2005 alone, welfare incomes were at their lowest in 20 scenarios. In Table 3.1 we have shaded the lowest welfare income for each of the four household types in each jurisdiction to highlight this disturbing trend. Rate cuts, the lack of indexing of welfare benefits and the NCBS clawback have been the order of the day.

Table 3.2 shows that between 1989 and 2005, welfare incomes for both single employable persons and a single person with a disability decreased in all provinces except Newfoundland and Labrador and Quebec, and also in the Yukon. The decreases for single employable persons were particularly harsh, with many welfare incomes dropping by over one third. Lone parents and couples also saw their incomes decline in all provinces except Newfoundland and Labrador, New Brunswick and Quebec, as well as in the Yukon. During this same period, the cost of living increased by 43 percent.

Changes that occurred between 1997 and 2005 are discussed in the next chapter, *Welfare Incomes and Child Benefits*.

TABLE 3.1: TOTAL WELFARE INCOMES OVER

	1986	1989	1990	1991	1992	1993	1994	1995
NEWFOUNDLAND AND LABRADOR								
Single Employable	5,524	5,430	5,501	5,582	5,720	5,655	5,647	5,528
Person with a Disability		10,836	10,837	10,698	10,818	10,680	10,665	10,441
Lone Parent, One Child	15,581	15,273	15,507	15,957	16,415	16,239	16,215	15,869
Couple, Two Children	19,485	18,726	18,920	18,818	18,755	18,539	18,513	18,123
PRINCE EDWARD ISLAND								
Single Employable	10,259	10,030	10,092	10,264	10,296	10,229	9,221	7,154
Person with a Disability		11,656	11,656	11,682	11,714	11,622	11,484	11,054
Lone Parent, One Child	15,874	15,393	15,596	15,952	16,064	15,973	15,708	15,008
Couple, Two Children	24,189	23,417	23,647	24,165	24,081	23,897	23,502	22,615
NOVA SCOTIA								
Single Employable	7,540	8,511	8,227	7,996	7,760	7,628	7,617	7,456
Person with a Disability		11,171	11,215	11,241	10,989	10,800	10,960	10,761
Lone Parent, One Child	14,790	15,162	15,321	15,458	15,352	15,106	15,284	14,991
Couple, Two Children	19,183	20,148	19,616	19,470	19,154	18,896	18,870	18,472
NEW BRUNSWICK								
Single Employable	3,716	4,122	4,164	4,243	4,125	4,072	4,097	4,025
Person with a Disability		10,639	10,585	10,463	10,363	10,302	8,144	8,111
Lone Parent, One Child	12,895	12,610	12,683	12,718	12,674	12,693	13,127	13,623
Couple, Two Children	15,540	14,827	14,854	15,148	15,189	15,195	15,630	16,195
QUEBEC								
Single Employable	3,912	5,128	7,336	7,774	7,875	7,898	7,737	7,573
Person with a Disability		9,138	9,579	10,017	10,204	10,209	10,374	10,161
Lone Parent, One Child	14,834	13,717	14,774	13,951	15,476	16,032	16,345	16,010
Couple, Two Children	20,754	18,890	18,778	19,642	19,854	20,322	20,099	19,674
ONTARIO								
Single Employable	8,360	9,091	10,018	10,447	10,687	10,663	10,675	9,927
Person with a Disability		13,082	14,068	14,582	14,732	14,662	14,674	14,366
Lone Parent, One Child	16,705	17,841	20,051	20,805	21,039	20,995	21,010	19,598
Couple, Two Children	22,102	23,392	26,865	27,750	28,019	27,928	27,719	25,741
MANITOBA								
Single Employable	8,295	8,709	8,923	8,981	9,036	8,894	8,297	8,133
Person with a Disability		9,462	9,441	9,451	11,416	10,325	10,267	10,051
Lone Parent, One Child	14,547	14,269	14,362	14,432	15,630	14,238	14,148	13,843
Couple, Two Children	22,881	24,450	25,195	25,605	25,912	23,891	24,252	23,728

TIME IN 2005 CONSTANT DOLLARS (\$)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
3,247	1,546	1,551	1,545	2,061	3,583	8,688	8,468	8,323	8,198
10,640	11,055	11,003	10,902	10,734	10,549	10,347	10,070	9,886	9,728
15,980	16,353	16,651	16,894	16,827	16,845	16,726	16,433	16,306	16,181
18,198	18,680	19,178	19,641	19,649	19,911	19,917	19,666	19,616	19,578
6,553	6,525	6,465	6,353	6,505	6,393	6,383	6,406	6,343	6,214
10,203	10,005	9,906	9,726	9,787	9,594	9,581	8,377	8,276	8,084
14,374	13,821	13,687	13,445	13,732	13,704	13,882	13,875	13,837	13,707
21,062	21,058	20,864	20,505	21,225	21,216	21,477	21,393	21,364	21,213
7,358	5,474	5,424	5,268	5,132	5,268	5,552	5,407	5,325	5,422
10,589	10,422	10,326	10,149	9,883	9,090	9,435	9,182	9,032	8,897
14,753	14,520	14,533	14,468	14,242	13,398	13,231	13,027	12,959	12,917
19,534	19,687	19,750	19,162	19,415	20,235	19,270	19,031	18,997	19,032
4,004	3,983	3,947	3,879	3,780	3,690	3,614	3,521	3,461	3,427
8,052	8,119	8,085	7,948	8,021	8,100	8,195	8,242	8,097	7,995
13,533	13,644	13,975	14,191	14,102	14,095	13,998	13,773	13,679	13,656
16,059	16,341	16,979	17,476	17,527	17,724	17,739	17,540	17,510	17,567
7,452	7,227	7,126	7,169	7,046	7,016	7,118	7,035	7,038	6,947
10,221	10,200	10,292	10,312	10,194	10,186	10,232	10,111	10,125	10,063
15,578	14,990	14,979	14,927	14,525	14,565	14,762	14,646	14,689	15,395
19,214	18,351	18,532	18,456	18,265	18,503	18,872	18,802	18,950	20,704
8,185	8,084	7,997	7,859	7,655	7,469	7,310	7,117	7,124	7,007
14,135	13,912	13,784	13,547	13,191	12,864	12,584	12,246	12,246	12,057
16,440	16,205	16,051	15,779	15,430	15,123	14,839	14,486	14,560	14,451
21,729	21,421	21,214	20,861	20,428	20,047	19,683	19,227	19,263	19,302
7,536	6,567	6,507	6,395	6,229	6,078	5,950	5,794	5,918	5,818
9,889	9,733	9,643	9,558	9,365	9,134	8,936	8,696	8,762	8,601
13,621	13,405	13,282	13,050	13,028	13,485	13,692	13,475	13,387	13,282
21,542	20,112	19,722	19,383	19,230	19,385	19,365	19,680	20,394	20,357

TABLE 3.1: TOTAL WELFARE INCOMES OVER

	1986	1989	1990	1991	1992	1993	1994	1995
SASKATCHEWAN								
Single Employable	6,944	7,052	6,996	6,957	7,087	7,448	7,437	6,684
Person with a Disability		11,428	11,184	10,948	10,743	10,644	10,627	10,403
Lone Parent, One Child	15,980	15,904	15,758	15,544	15,285	15,122	15,094	14,771
Couple, Two Children	23,452	22,731	22,386	22,047	22,019	21,736	21,776	21,320
ALBERTA								
Single Employable	9,881	6,970	6,755	7,492	7,424	7,013	6,149	6,019
Person with a Disability		8,596	8,306	8,899	8,726	8,482	8,450	8,294
Lone Parent, One Child	16,071	14,468	14,130	15,030	14,890	14,373	13,493	13,194
Couple, Two Children	25,127	22,129	21,480	23,735	23,426	22,661	21,485	21,217
BRITISH COLUMBIA								
Single Employable	7,058	7,847	8,120	7,793	8,275	8,302	8,504	8,353
Person with a Disability		10,790	11,268	11,201	11,569	11,652	11,924	11,716
Lone Parent, One Child	14,443	15,699	16,104	16,126	16,644	16,688	17,050	16,736
Couple, Two Children	20,826	20,508	20,855	20,851	21,645	21,726	22,285	21,876
YUKON								
Single Employable	8,386	10,228	10,456	10,468	10,330	10,155	10,138	9,924
Person with a Disability		11,430	11,608	11,571	11,421	11,226	11,207	11,777
Lone Parent, One Child	16,793	18,446	18,811	18,979	18,868	18,558	18,531	18,140
Couple, Two Children	26,541	27,992	28,006	28,476	28,488	28,016	27,972	27,382
NORTHWEST TERRITORIES								
Single Employable						14,504	14,477	14,172
Person with a Disability						16,386	16,359	16,014
Lone Parent, One Child						26,127	26,084	25,533
Couple, Two Children						31,661	31,655	30,987
NUNAVUT								
Single Employable								
Person with a Disability								
Lone Parent, One Child								
Couple, Two Children								

Note: Shaded cells represent the lowest

TIME IN 2005 CONSTANT DOLLARS (\$)

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
7,163	6,472	6,432	6,611	6,610	6,599	6,499	6,466	6,384	6,663
10,524	9,434	9,428	9,660	9,587	9,557	9,364	9,275	9,246	8,893
14,534	14,305	13,245	13,682	13,700	13,694	13,462	13,102	12,988	13,235
20,977	19,625	19,564	20,264	20,144	20,204	19,891	19,522	19,471	19,327
5,923	5,862	5,888	5,787	5,637	5,501	5,385	5,244	5,153	5,050
8,161	8,066	8,072	8,134	8,510	8,307	8,132	8,059	8,016	7,851
12,974	12,859	12,997	13,105	12,928	12,707	12,445	12,383	12,414	12,326
20,876	20,629	20,767	20,643	20,489	20,117	19,696	19,546	19,582	19,497
7,612	7,490	7,420	7,292	7,159	7,062	6,912	6,708	6,590	6,456
11,530	11,349	11,244	11,051	10,848	10,698	10,467	10,213	10,026	10,656
16,468	16,149	16,000	15,737	15,504	15,387	14,662	14,232	14,077	13,948
21,524	21,066	20,872	20,541	20,246	20,136	19,498	18,826	18,653	18,466
9,764	13,218	13,071	12,871	12,602	13,493	13,317	12,972	12,735	12,467
11,595	15,028	14,890	14,634	14,304	15,156	14,940	14,544	14,284	14,740
17,848	21,533	21,335	21,314	20,809	21,562	21,210	20,682	20,426	19,830
26,942	31,190	30,902	30,371	29,691	30,314	30,076	29,366	29,136	28,935
13,854	9,151	9,045	10,043	9,792	9,814	12,555	13,315	13,163	13,610
16,027	11,646	11,584	12,557	12,240	12,442	16,176	17,100	16,851	17,275
25,015	22,114	22,233	23,676	23,109	22,737	23,046	22,532	22,229	22,648
30,345	29,610	29,953	31,808	31,070	30,512	30,969	30,400	30,233	31,633
			11,984	11,703	11,445	11,153	10,956	10,943	10,971
			14,457	14,104	13,781	13,486	13,333	13,277	13,255
			32,421	31,622	30,901	30,269	22,212	22,104	22,154
			39,450	38,511	37,671	36,642	36,180	36,143	36,325

welfare income for that household type.

Table 3.3 further illustrates the extent of the decline in welfare incomes in recent years. For each of the four household types in each jurisdiction, it identifies the year in which welfare incomes were at their peak and the amount of benefits received during that year. The table then shows the comparable income received in 2005 and the losses since the peak year in both dollar and percentage terms.

The table shows several very discouraging facts. The first is that the vast majority of welfare incomes peaked many years ago. At the provincial level, 33 of the 40 households in the table had peak years in 1994 or earlier.

The second fact concerns the amount of the decrease in total welfare incomes. The welfare income of a single person on welfare in Alberta dropped by over \$4,800—nearly 50%—since 1986. The harshest losses in dollar terms were in Ontario between 1992 and 2005, when a lone parent's welfare income declined by nearly \$6,600 and a couple with two children saw a loss of just over \$8,700. These losses both exceeded 30 percent.

In the provinces, 21 of the 40 households experienced losses of \$2,500 or more, and 14—or just over one third—had losses in excess of \$3,000.

Most Canadians would find it impossible to cope with the substantial income losses that welfare households have experienced. Coping is even harder for those who are already at the bottom of the income scale, given their already meagre incomes. Yet there appears to be little concern for the most vulnerable in society. Have both governments and the Canadian public turned their backs on the poorest of the poor?

**TABLE 3.2: PERCENTAGE CHANGE IN WELFARE INCOMES
IN 2005 CONSTANT DOLLARS, SELECTED YEARS**

		2004-2005 (\$)	Percentage change 2004-2005	1997-2005 (\$)	Percentage change 1997-2005	1989-2005 (\$)	Percentage change 1989-2005
NEWFOUNDLAND AND LABRADOR	Single Employable	-\$125	-1.5%	\$6,652	430.2%	\$2,768	51.0%
	Person with a Disability	-\$158	-1.6%	-\$1,327	-12.0%	-\$1,108	-10.2%
	Lone Parent, One Child	-\$125	-0.8%	-\$172	-1.1%	\$908	5.9%
	Couple, Two Children	-\$38	-0.2%	\$898	4.8%	\$852	4.5%
PRINCE EDWARD ISLAND	Single Employable	-\$129	-2.0%	-\$311	-4.8%	-\$3,816	-38.0%
	Person with a Disability	-\$192	-2.3%	-\$1,921	-19.2%	-\$3,572	-30.6%
	Lone Parent, One Child	-\$130	-0.9%	-\$114	-0.8%	-\$1,686	-11.0%
	Couple, Two Children	-\$151	-0.7%	\$155	0.7%	-\$2,204	-9.4%
NOVA SCOTIA	Single Employable	\$97	1.8%	-\$52	-1.0%	-\$3,089	-36.3%
	Person with a Disability	-\$135	-1.5%	-\$1,525	-14.6%	-\$2,274	-20.4%
	Lone Parent, One Child	-\$42	-0.3%	-\$1,603	-11.0%	-\$2,245	-14.8%
	Couple, Two Children	\$35	0.2%	-\$655	-3.3%	-\$1,116	-5.5%
NEW BRUNSWICK	Single Employable	-\$34	-1.0%	-\$556	-14.0%	-\$695	-16.9%
	Person with a Disability	-\$102	-1.3%	-\$124	-1.5%	-\$2,644	-24.9%
	Lone Parent, One Child	-\$23	-0.2%	\$12	0.1%	\$1,046	8.3%
	Couple, Two Children	\$57	0.3%	\$1,226	7.5%	\$2,740	18.5%
QUEBEC	Single Employable	-\$91	-1.3%	-\$280	-3.9%	\$1,819	35.5%
	Person with a Disability	-\$62	-0.6%	-\$137	-1.3%	\$925	10.1%
	Lone Parent, One Child	\$706	4.8%	\$405	2.7%	\$1,678	12.2%
	Couple, Two Children	\$1,754	9.3%	\$2,353	12.8%	\$1,814	9.6%
ONTARIO	Single Employable	-\$117	-1.6%	-\$1,077	-13.3%	-\$2,084	-22.9%
	Person with a Disability	-\$189	-1.5%	-\$1,855	-13.3%	-\$1,025	-7.8%
	Lone Parent, One Child	-\$109	-0.8%	-\$1,754	-10.8%	-\$3,390	-19.0%
	Couple, Two Children	\$39	0.2%	-\$2,119	-9.9%	-\$4,090	-17.5%
MANITOBA	Single Employable	-\$100	-1.7%	-\$749	-11.4%	-\$2,891	-33.2%
	Person with a Disability	-\$161	-1.8%	-\$1,132	-11.6%	-\$861	-9.1%
	Lone Parent, One Child	-\$105	-0.8%	-\$123	-0.9%	-\$987	-6.9%
	Couple, Two Children	-\$37	-0.2%	\$245	1.2%	-\$4,093	-16.7%

TABLE 3.2: PERCENTAGE CHANGE IN WELFARE INCOMES
IN 2005 CONSTANT DOLLARS, SELECTED YEARS

		2004-2005 (\$)	Percentage change 2004-2005	1997-2005 (\$)	Percentage change 1997-2005	1989-2005 (\$)	Percentage change 1989-2005
SASKATCHEWAN	Single Employable	\$279	4.4%	\$191	2.9%	-\$389	-5.5%
	Person with a Disability	-\$353	-3.8%	-\$541	-5.7%	-\$2,535	-22.2%
	Lone Parent, One Child	\$247	1.9%	-\$1,070	-7.5%	-\$2,669	-16.8%
	Couple, Two Children	-\$144	-0.7%	-\$298	-1.5%	-\$3,404	-15.0%
ALBERTA	Single Employable	-\$103	-2.0%	-\$812	-13.9%	-\$1,920	-27.5%
	Person with a Disability	-\$165	-2.1%	-\$215	-2.7%	-\$745	-8.7%
	Lone Parent, One Child	-\$88	-0.7%	-\$533	-4.1%	-\$2,142	-14.8%
	Couple, Two Children	-\$85	-0.4%	-\$1,132	-5.5%	-\$2,632	-11.9%
BRITISH COLUMBIA	Single Employable	-\$134	-2.0%	-\$1,034	-13.8%	-\$1,391	-17.7%
	Person with a Disability	\$630	6.3%	-\$693	-6.1%	-\$134	-1.2%
	Lone Parent, One Child	-\$129	-0.9%	-\$2,201	-13.6%	-\$1,751	-11.2%
	Couple, Two Children	-\$188	-1.0%	-\$2,600	-12.3%	-\$2,042	-10.0%
YUKON	Single Employable	-\$268	-2.1%	-\$751	-5.7%	\$2,239	21.9%
	Person with a Disability	\$456	3.2%	-\$288	-1.9%	\$3,310	29.0%
	Lone Parent, One Child	-\$596	-2.9%	-\$1,703	-7.9%	\$1,384	7.5%
	Couple, Two Children	-\$201	-0.7%	-\$2,255	-7.2%	\$943	3.4%
NORTHWEST TERRITORIES	Single Employable	\$447	3.4%	\$4,459	48.7%		
	Person with a Disability	\$424	2.5%	\$5,629	48.3%		
	Lone Parent, One Child	\$419	1.9%	\$534	2.4%		
	Couple, Two Children	\$1,400	4.6%	\$2,023	6.8%		
NUNAVUT	Single Employable	\$28	0.3%				
	Person with a Disability	-\$22	-0.2%				
	Lone Parent, One Child	\$50	0.2%				
	Couple, Two Children	\$182	0.5%				

TABLE 3.3: PEAK YEAR AND 2005 WELFARE INCOMES

		Peak Year	Peak Amount	2005 Amount	Dollar Change from Peak Year to 2005	Percentage Change from Peak Year to 2005
NEWFOUNDLAND AND LABRADOR	Single Employable	2002	\$8,688	\$8,198	-\$490	-5.6%
	Person with a Disability	1997	\$11,055	\$9,728	-\$1,327	-12.0%
	Lone Parent, One Child	1999	\$16,894	\$16,181	-\$713	-4.2%
	Couple, Two Children	2002	\$19,917	\$19,578	-\$339	-1.7%
PRINCE EDWARD ISLAND	Single Employable	1992	\$10,296	\$6,214	-\$4,082	-39.6%
	Person with a Disability	1992	\$11,714	\$8,084	-\$3,630	-31.0%
	Lone Parent, One Child	1992	\$16,064	\$13,707	-\$2,357	-14.7%
	Couple, Two Children	1986	\$24,189	\$21,213	-\$2,976	-12.3%
NOVA SCOTIA	Single Employable	1989	\$8,511	\$5,422	-\$3,089	-36.3%
	Person with a Disability	1991	\$11,241	\$8,897	-\$2,344	-20.9%
	Lone Parent, One Child	1991	\$15,458	\$12,917	-\$2,541	-16.4%
	Couple, Two Children	2001	\$20,235	\$19,032	-\$1,203	-5.9%
NEW BRUNSWICK	Single Employable	1991	\$4,243	\$3,427	-\$816	-19.2%
	Person with a Disability	1989	\$10,639	\$7,995	-\$2,644	-24.9%
	Lone Parent, One Child	1999	\$14,191	\$13,656	-\$535	-3.8%
	Couple, Two Children	2002	\$17,739	\$17,567	-\$172	-1.0%
QUEBEC	Single Employable	1993	\$7,898	\$6,947	-\$951	-12.0%
	Person with a Disability	1994	\$10,374	\$10,063	-\$311	-3.0%
	Lone Parent, One Child	1994	\$16,345	\$15,395	-\$951	-5.8%
	Couple, Two Children	1986	\$20,754	\$20,704	-\$50	-0.2%
ONTARIO	Single Employable	1992	\$10,687	\$7,007	-\$3,680	-34.4%
	Person with a Disability	1992	\$14,732	\$12,057	-\$2,675	-18.2%
	Lone Parent, One Child	1992	\$21,039	\$14,451	-\$6,588	-31.3%
	Couple, Two Children	1992	\$28,019	\$19,302	-\$8,717	-31.1%
MANITOBA	Single Employable	1992	\$9,036	\$5,818	-\$3,218	-35.6%
	Person with a Disability	1992	\$11,416	\$8,601	-\$2,815	-24.7%
	Lone Parent, One Child	1992	\$15,630	\$13,282	-\$2,348	-15.0%
	Couple, Two Children	1992	\$25,912	\$20,357	-\$5,555	-21.4%

TABLE 3.3: PEAK YEAR AND 2005 WELFARE INCOMES

		Peak Year	Peak Amount	2005 Amount	Dollar Change from Peak Year to 2005	Percentage Change from Peak Year to 2005
SASKATCHEWAN	Single Employable	1993	\$7,448	\$6,663	-\$785	-10.5%
	Person with a Disability	1989	\$11,428	\$8,893	-\$2,535	-22.2%
	Lone Parent, One Child	1986	\$15,980	\$13,235	-\$2,745	-17.2%
	Couple, Two Children	1986	\$23,452	\$19,327	-\$4,125	-17.6%
ALBERTA	Single Employable	1986	\$9,881	\$5,050	-\$4,831	-48.9%
	Person with a Disability	1991	\$8,899	\$7,851	-\$1,048	-11.8%
	Lone Parent, One Child	1986	\$16,071	\$12,326	-\$3,745	-23.3%
	Couple, Two Children	1986	\$25,127	\$19,497	-\$5,630	-22.4%
BRITISH COLUMBIA	Single Employable	1994	\$8,504	\$6,456	-\$2,048	-24.1%
	Person with a Disability	1994	\$11,924	\$10,656	-\$1,268	-10.6%
	Lone Parent, One Child	1994	\$17,050	\$13,948	-\$3,102	-18.2%
	Couple, Two Children	1994	\$22,285	\$18,466	-\$3,819	-17.1%
YUKON	Single Employable	2001	\$13,493	\$12,467	-\$1,026	-7.6%
	Person with a Disability	2001	\$15,156	\$14,740	-\$416	-2.7%
	Lone Parent, One Child	2001	\$21,562	\$19,830	-\$1,732	-8.0%
	Couple, Two Children	1997	\$31,190	\$28,935	-\$2,255	-7.2%
NORTHWEST TERRITORIES	Single Employable	1993	\$14,504	\$13,610	-\$894	-6.2%
	Person with a Disability	2005	\$17,275	\$17,275	\$0	0.0%
	Lone Parent, One Child	1993	\$26,127	\$22,648	-\$3,479	-13.3%
	Couple, Two Children	1999	\$31,808	\$31,633	-\$176	-0.6%
NUNAVUT	Single Employable	1999	\$11,984	\$10,971	-\$1,013	-8.5%
	Person with a Disability	1999	\$14,457	\$13,255	-\$1,202	-8.3%
	Lone Parent, One Child	1999	\$32,421	\$22,154	-\$10,267	-31.7%
	Couple, Two Children	1999	\$39,450	\$36,325	-\$3,125	-7.9%

IV. WELFARE INCOMES AND CHILD BENEFITS

The current system of federal and provincial child benefit programs has become totally incomprehensible to most people. This, coupled with the interaction between child benefits and welfare programs, has made what was already a tangled safety net almost impossible to understand. Given this, it is very difficult for households to know whether they are receiving their correct benefits.

FEDERAL CHILD BENEFITS

Under the system of federal child benefits that went into effect on July 1, 1998, the federal government pays the Canada Child Tax Benefit to all low-income families and many middle-income families with children under 18. For most low-income families, the entitlement is the sum of the CCTB Basic Benefit and the National Child Benefit Supplement (NCBS).

As of July 1, 2005, the maximum CCTB Base Benefit goes to families with net family income under \$35,595. The benefit declines and eventually disappears as family income for a one- or two-child family rises above \$96,995. The maximum NCBS goes to families with net incomes below \$21,480 and partial supplements go to families with incomes between \$21,480 and \$35,595.

When the National Child Benefit Supplement was introduced in 1998, one of its aims was to move towards a separate, national platform of income-tested child benefits. This would replace children's benefits paid through the welfare system and provide additional financial support to low-income families in the labour force. Under the terms of the NCB's operating principles, families on welfare would have their benefits reduced by the amount of the NCB Supplement—this is commonly known as the clawback of the NCBS. The money clawed back would be reinvested in programs and services for low-income families with children. Provinces and territories would stop clawing back the NCBS once it exceeded their basic welfare benefit for children. Low-income families with children not on welfare would get to keep the entire National Child Benefit Supplement.

The combination of additional financial benefits and services was intended to encourage families to enter and remain in the labour market. Families moving from welfare to the labour market face a number of obstacles, including the loss of financial support for their children, as well as in-kind supports such as dental, health and prescription drug coverage. These losses, combined with the costs of working, often mean that families are worse off working than they are on welfare.

The original clawback mechanisms varied from place to place. Most provinces and territories considered the NCBS as non-exempted income and deducted it dollar for dollar from the monthly welfare cheques they paid to families with children. Alberta, on the other hand, reduced its welfare rate by the amount of the NCBS. Another approach was to reduce the amount of provincial child benefits, where these programs existed, by the amount of the

NCB Supplement. However, both New Brunswick and Newfoundland and Labrador decided to pass on the full amount to welfare families in 1998. In all other jurisdictions, families on social assistance had the NCB Supplement clawed back.

The clawback has evolved since 1998. Some jurisdictions continue to claw back all or part of the NCBS from their welfare or child benefits. Some stopped clawing back when they reformed their welfare programs and implemented new child benefit programs. Some do not claw back yet have not changed the basic structure of their welfare program. It is difficult for most people to understand what approach is being taken in their province or territory, let alone the rationale for it. But what is clear is that the system has become highly convoluted.

The federal government considers that the clawback has been nearly eliminated because the NCBS has replaced benefits for children in most jurisdictions. The National Council of Welfare has a different view of ending the clawback. Ending the clawback means raising the incomes of families on welfare by the amount of the NCBS that has been deducted from their social assistance or child benefit payments.

The National Council of Welfare has been opposed to the clawback of the National Child Benefit Supplement since it was first announced. Although the NCBS was lauded as a poverty reduction tool, its target was really low-income working families with children. And it has shown some success in reducing poverty for these families. However, there is a large group of families with children living in poverty—those on welfare—who have seen little or no benefit from the NCBS despite the substantial sums of new money provided by the federal government.

Further, the National Council of Welfare sees no evidence that the NCBS is assisting welfare families to move to paid employment or obtain employment experience. The 2005 *Evaluation of the National Child Benefit Initiative: Synthesis Report* did not provide any evidence that the initiative increased the labour force participation of those on welfare, nor was it able to determine the effectiveness of the various NCB reinvestment initiatives, due to a lack of data.

The clawback reinforces the notion of the deserving and undeserving poor. Those working for low pay – the deserving poor – get to keep all of the NCBS. Those on welfare – the undeserving poor – don't get to keep the NCBS. Furthermore, since the majority of those on welfare who have the NCBS clawed back are female-headed lone-parent families, the NCBS discriminates against women.

The National Council of Welfare's position is that any jurisdiction that continues to reduce welfare or child benefits by the NCBS—either in part or in full—claws back. Here is where things stand on the NCBS clawback as of early 2005.

Five provinces—Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec and Manitoba—do not claw back.

Three provinces—Prince Edward Island, Ontario and Alberta—continue to claw back part of the NCBS from their welfare benefits. In July 2001, PEI introduced its Healthy Child

Allowance as a new benefit for welfare families. Although the NCBS is deducted in full from welfare benefits, the Healthy Child Allowance is increased each year by an amount equivalent to the NCBS increase, thereby flowing through increases. In Ontario, NCBS increases since July 2004 have been passed on. As of July 2005, the lone parent with one child and the couple with two children still had \$121.91 and \$226.41 respectively clawed back each month. Alberta has passed on all NCBS increases since July 2003. However, the lone parent with one child and the couple with two children still had \$107.75 and \$198.33 clawed back respectively as of July 2005.

Yukon, the Northwest Territories and Nunavut continue to claw back the full amount of the NCBS from welfare families with children.

Saskatchewan and British Columbia had provincial child benefit programs in place when the NCB Supplement was implemented. In both cases, every time the NCBS was increased, the provincial child benefit was decreased by the same amount. In British Columbia, the child benefit for all families with children reached zero in July 2005—it was fully offset by the federal child benefit. In Saskatchewan, as of July 2005, two-parent families with one child no longer received any provincial child benefit and those with two or more children received a small benefit. A lone parent, regardless of the number of children, continued to receive benefits due to the addition of a single-parent supplement in July 2004.

As of early 2005, an estimated 174,250 families with 280,900 children continue to have their welfare or child benefits reduced by all or part of the NCBS. Appendices E and F at the end of this report have details as of early 2005.

PROVINCIAL CHILD BENEFITS

This section describes the five provincial child benefit programs that now provide basic benefits to children outside of the welfare system. The child benefit programs in New Brunswick and the three territories have not replaced children's social assistance benefits. Eligible welfare families receive them in addition to their regular welfare entitlement.

NEWFOUNDLAND AND LABRADOR

The Newfoundland and Labrador Child Benefit (NLCB) was introduced in July 1999 as part of the province's reform of its social assistance program. The NLCB, combined with the federal NCBS, provides child benefits to social assistance families with children. As of July 2005, the maximum monthly benefits were \$20.83 for the first child and \$27.16 for the second child. There is no clawback of the NCBS from welfare families.

NOVA SCOTIA

The Nova Scotia Child Benefit was originally introduced in July 1998. In July 2001, Nova Scotia redesigned its welfare system. Basic benefits for children were removed from social

assistance and paid to all low-income families through an enhanced Nova Scotia Child Benefit. Since July 2001, monthly benefit levels have remained the same at \$37.08 for the first child and \$53.75 for the second child. As of July 2001, the NCBS was no longer clawed back.

QUEBEC

In September 1997, Quebec reformed its social assistance system and implemented its child benefit program—the new Family Allowance program. From 1998 until July 2001, Quebec reduced its child benefit by the amount of the NCBS. In July 2001, the province stopped clawing back increases to the NCBS.

In January 2005, Quebec introduced the new Child Assistance measure. It replaced the former Family Allowance, the tax credit for dependent children and the tax reduction for families. The maximum monthly benefit for a one-child family was \$166.66 and for a two-child family it was \$250. Lone-parent families received a maximum additional monthly supplement of \$58.33. There is no clawback of the NCBS from the new Child Assistance measure.

SASKATCHEWAN

Saskatchewan restructured its welfare programs and introduced the Saskatchewan Child Benefit (SCB) in July 1998, at the same time as the National Child Benefit Supplement. The SCB was designed to be a transitional program, with benefits for all families with children decreasing in July of each year as the federal NCBS increased. As of July 2005, the SCB for a lone parent with one child was \$17.42 per month. This was due to the addition of a \$35 per month single-parent supplement in July 2004 (without this, the SCB would have been reduced to zero). The SCB for a couple with one child was zero as of July 2005. A couple with two children received \$0.58 per month (paid as a lump sum).

BRITISH COLUMBIA

In July 1996, British Columbia restructured its social assistance program and implemented the BC Family Bonus, which paid a set amount per child. Starting in July 1998, with the introduction of the NCB Supplement, Family Bonus benefits for all families with children were decreased each time the NCBS was increased. By July 2004, the Family Bonus for the first child in a family was zero and \$11.91 per month for the second child. In July 2005, the amount for the second child was reduced to zero. The BC Family Bonus has been fully offset by the NCBS.

THE EFFECTS OF THE CLAWBACK

The clawback of the National Child Benefit Supplement has had perverse effects on total welfare incomes. Each year, as the NCBS increased, the amount of money clawed back by

provinces and territories also increased. As a result, provincial and territorial spending on welfare decreased.

Figures 4.1 through 4.26 show the shifts in funding patterns for welfare over the years, particularly since the start of the National Child Benefit in July 1998. The federal contribution to total welfare incomes through federal child benefits and GST credit is represented by the black portion of each of the bars in the charts. It got progressively larger starting in 1998. Provincial and territorial contributions to total welfare incomes, represented by the white portion of each of the bars, got smaller and smaller.

Between 1999—the first full year of the NCBS—and 2005, the amount of the federal component of welfare incomes for the lone parent with one child increased by about one-third. The increase ranged from \$845 to \$897 in 2005 constant dollars. The amount varies since not all lone parents received the same amount of the GST credit in 1999. For a couple with two children, in most jurisdictions it rose by 39 percent—or \$1,718—after adjusting for inflation. In both scenarios, most of this was due to increases in federal child benefits.

Meanwhile, there were freezes and cuts in the benefits provided by provincial and territorial governments that more or less offset the increases from the federal government.

Table 3.2 in the previous chapter compares welfare incomes for families with children in 1997, before the implementation of the NCBS, and in 2005. All figures have been adjusted for inflation. Lone parents wound up with lower total welfare incomes in 2005 than they had in 1997, with only three exceptions. The lone-parent family in New Brunswick gained a mere \$12, in Quebec it gained \$405, and in the Northwest Territories the increase was \$534. Two-parent families with children on welfare wound up with lower total incomes in 2005 than they had in 1997 in six jurisdictions—Nova Scotia, Ontario, Saskatchewan, Alberta, British Columbia, and the Yukon. Couples with two children in PEI gained \$155 and in Manitoba they saw an increase of \$245. The increases in the three remaining provinces were more substantial: \$898 in Newfoundland and Labrador, \$1,226 in New Brunswick, and \$2,353 in Quebec, while in the Northwest Territories the increase was \$2,023.

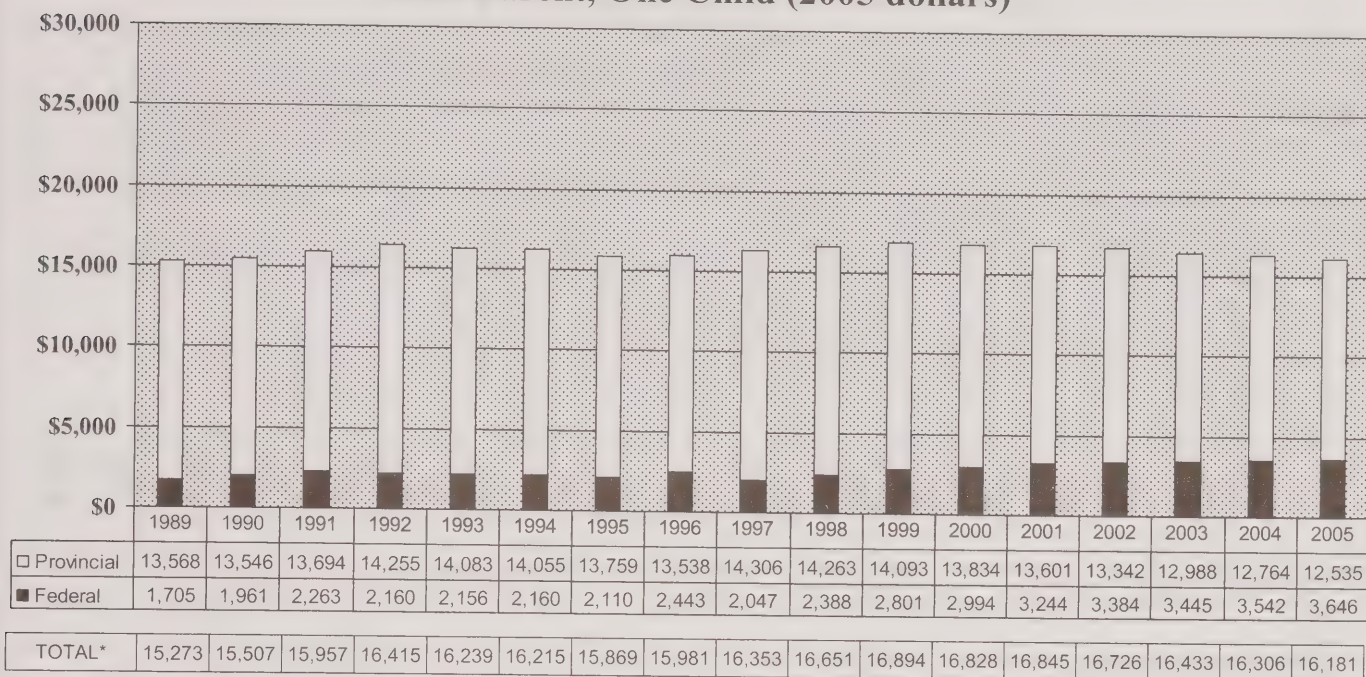
Some of these changes—either increases or decreases—are a result of changes to welfare programs or rates, or are due to the implementation of new provincial or territorial programs. For example, Quebec's gains are largely due to their new child benefit program. In the NWT, the increase reflects the higher cost of living, as the NWT pays welfare households the actual costs of shelter, fuel and utilities.

There is no guarantee that welfare incomes will rise if a province does not claw back the NCBS. In the five provinces that do not claw back as of early 2005—Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec and Manitoba—incomes decreased in four of the ten scenarios since 1997. In Nova Scotia, welfare incomes decreased by 11 percent for the lone parent with one child and just over 3 percent for the couple with two children. These were largely due to the restructuring of the province's welfare program in August 2001. Welfare incomes for the lone parent in Newfoundland and Labrador and Manitoba decreased

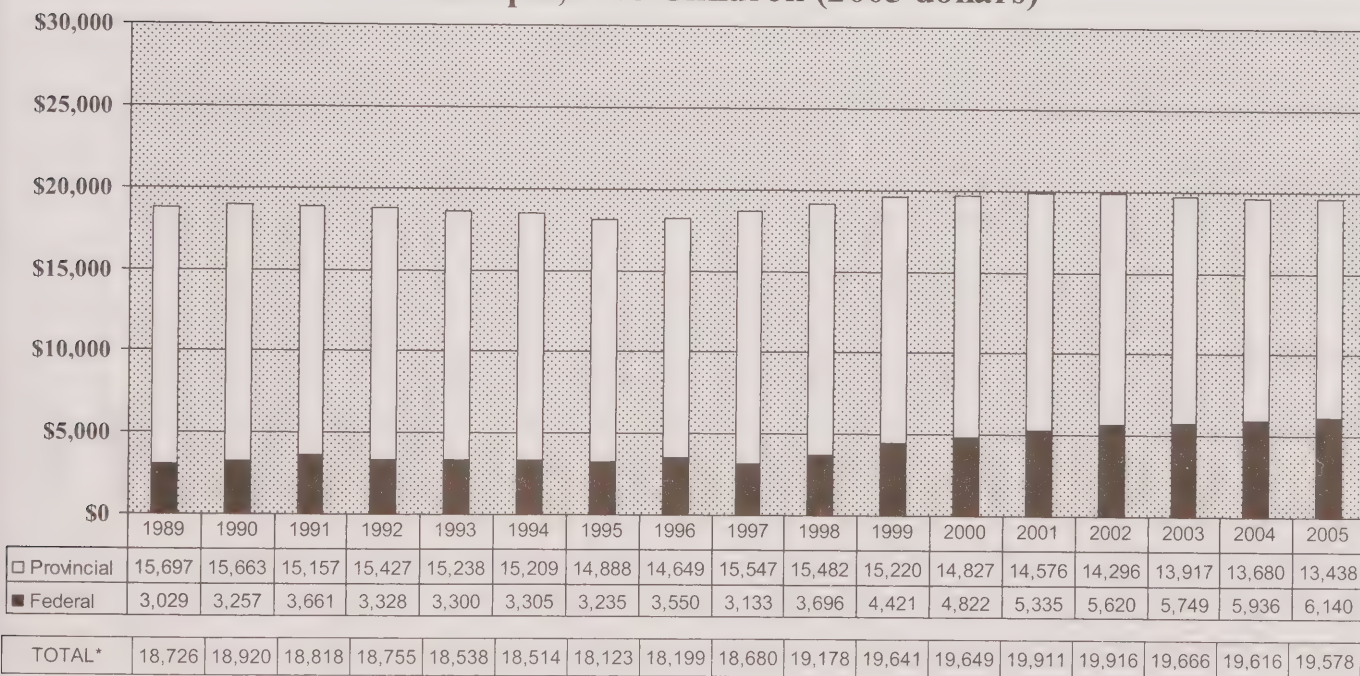
by 1 percent. The couple with two children in New Brunswick saw an increase of 7.5 percent. The largest increase—12.8 percent for the couple with two children—occurred in Quebec.

Despite the significant increase in federal support, cuts or freezes in the already inadequate levels of provincial and territorial support have further eroded welfare incomes. At the provincial level in 2005, the lone parent with one child and the couple with two children were worse off in 13 of the 20 scenarios than they were eight years earlier, before the NCBS was implemented. This was a big step backwards in the fight against child poverty.

**Figure 4.1: Newfoundland & Labrador Welfare Income,
Lone Parent, One Child (2005 dollars)**

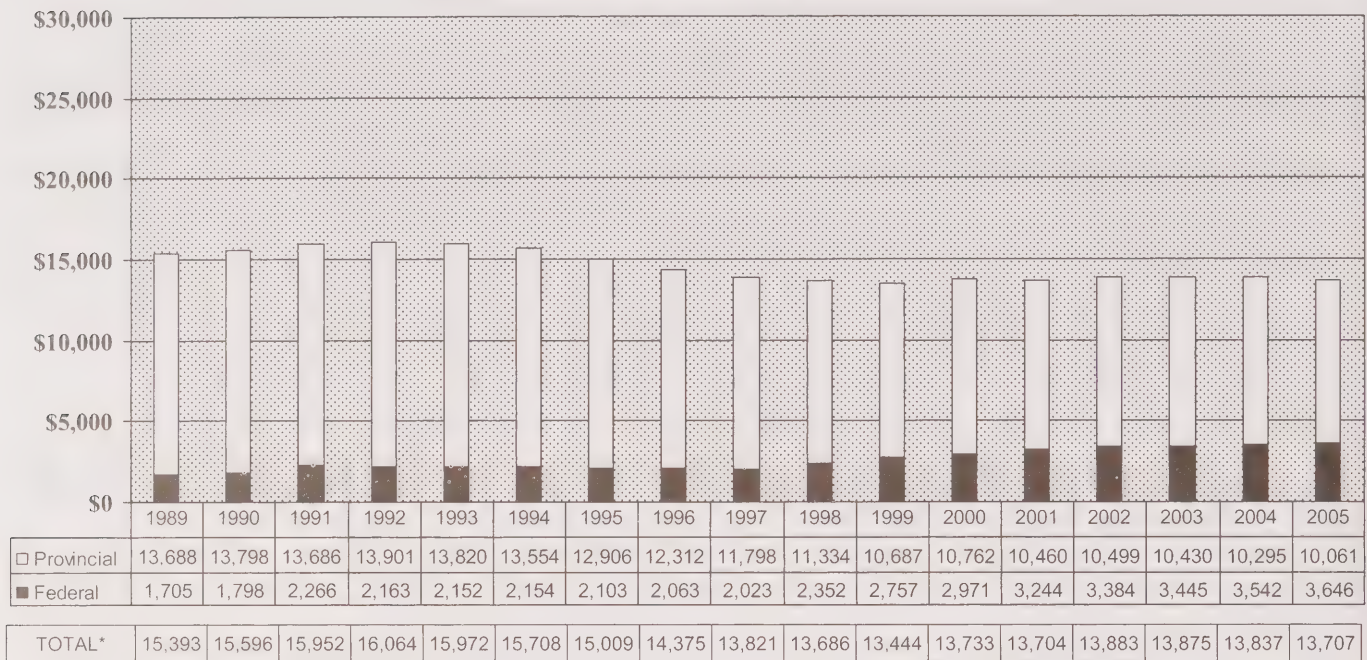


**Figure 4.2: Newfoundland & Labrador Welfare Income,
Couple, Two Children (2005 dollars)**

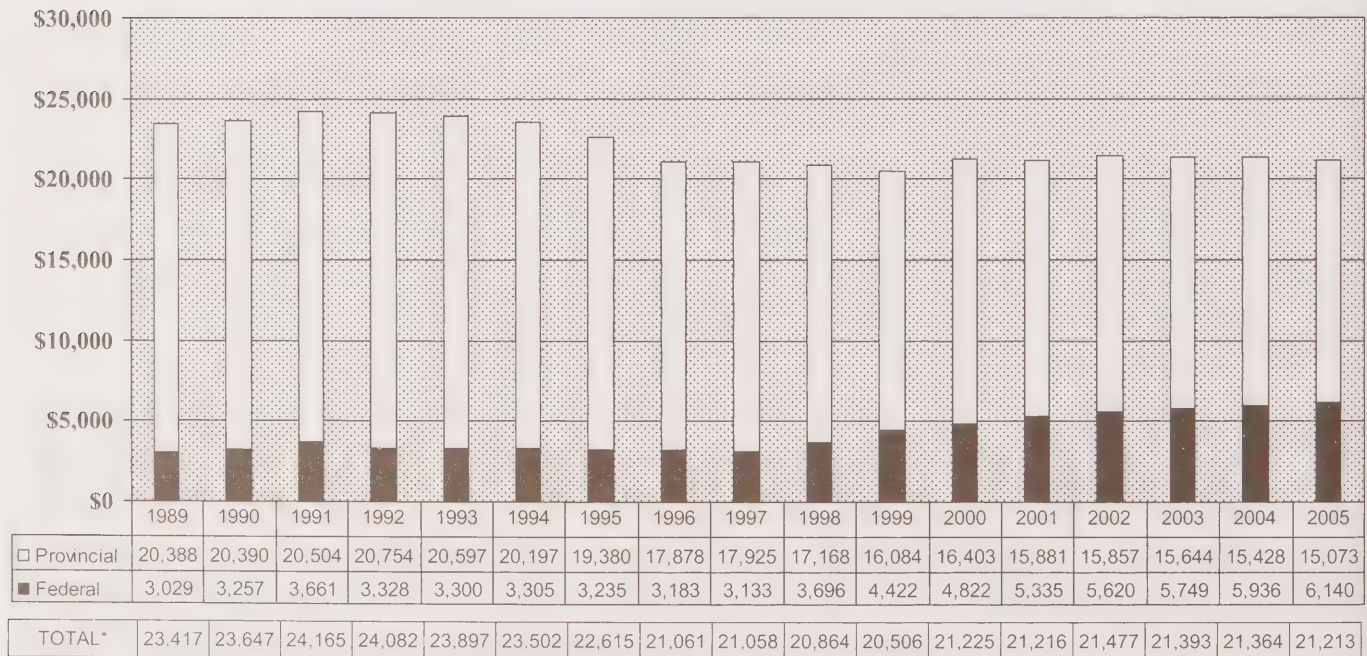


* Due to the effects of rounding, totals may not always add up.

**Figure 4.3: Prince Edward Island Welfare Income,
Lone Parent, One Child (2005 dollars)**

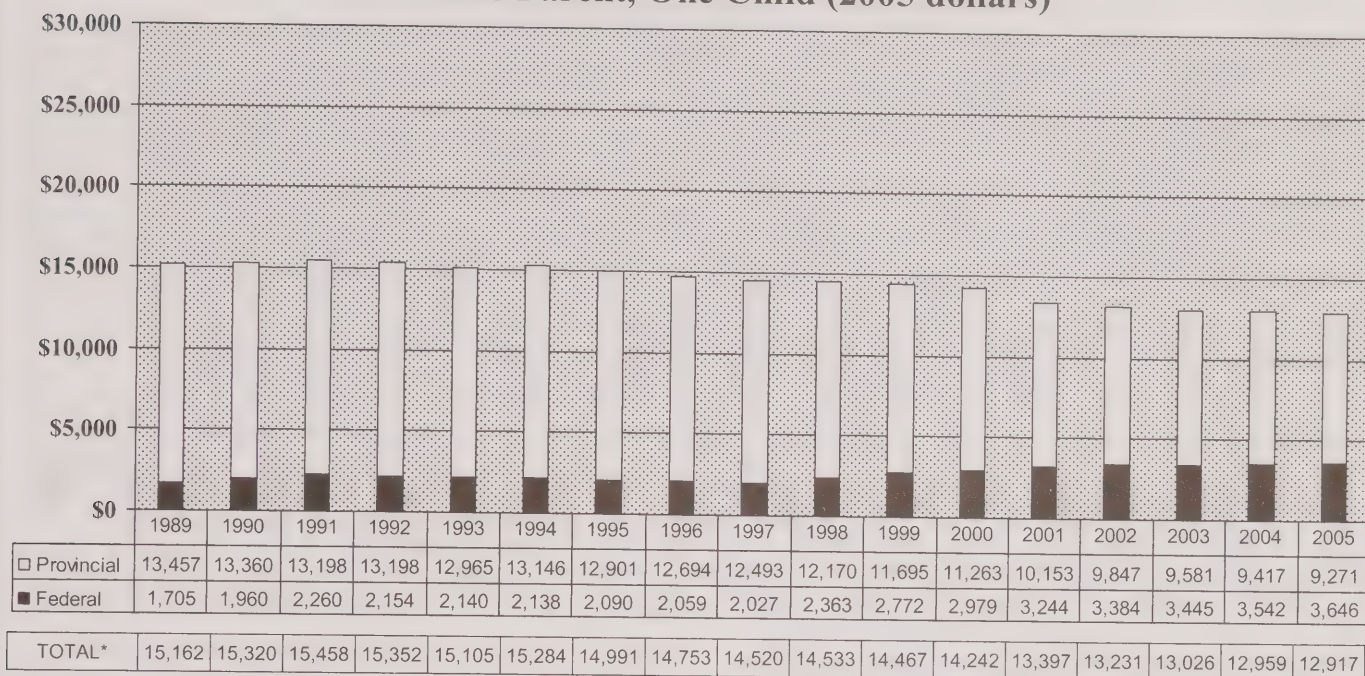


**Figure 4.4: Prince Edward Island Welfare Income,
Couple, Two Children (2005 dollars)**

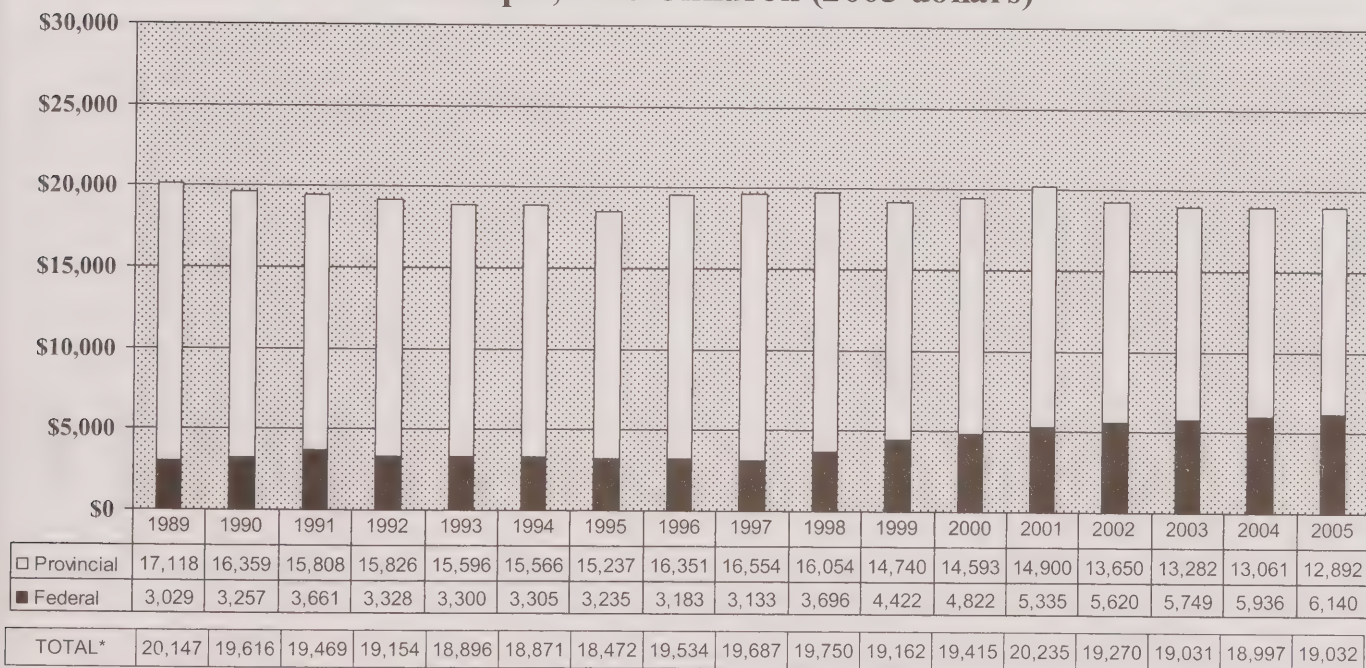


* Due to the effects of rounding, totals may not always add up.

**Figure 4.5: Nova Scotia Welfare Income,
Lone Parent, One Child (2005 dollars)**

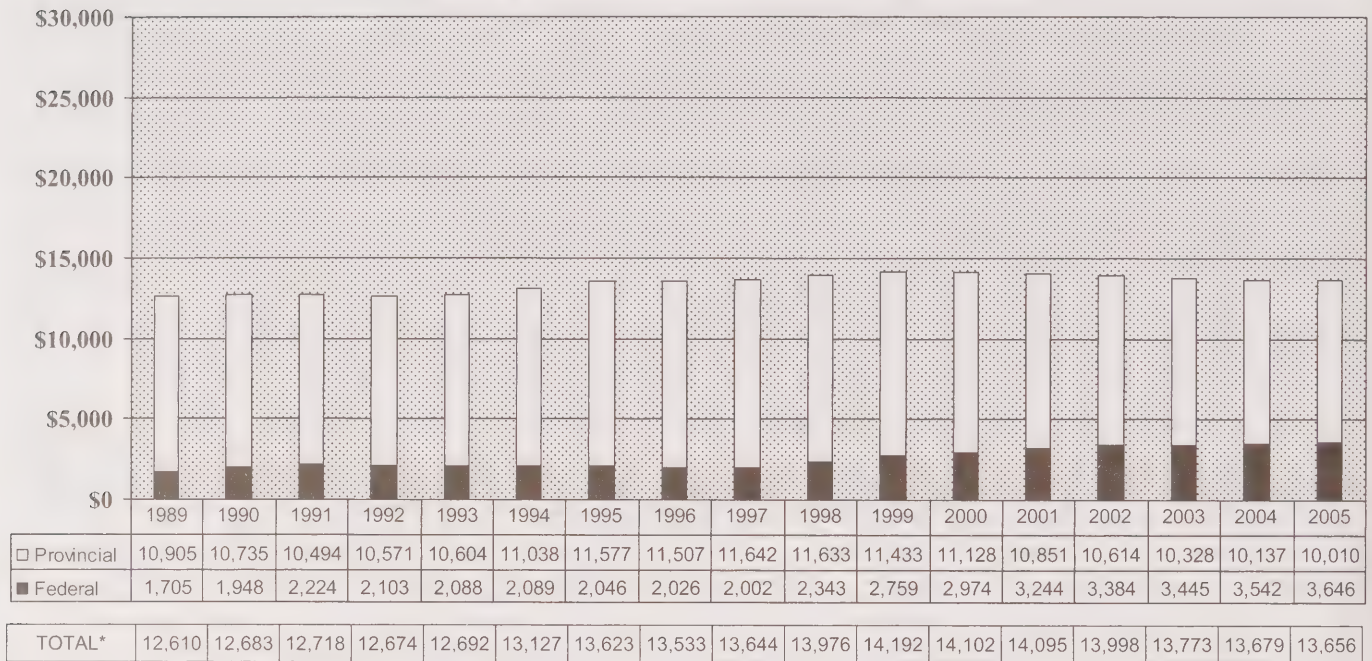


**Figure 4.6: Nova Scotia Welfare Income,
Couple, Two Children (2005 dollars)**

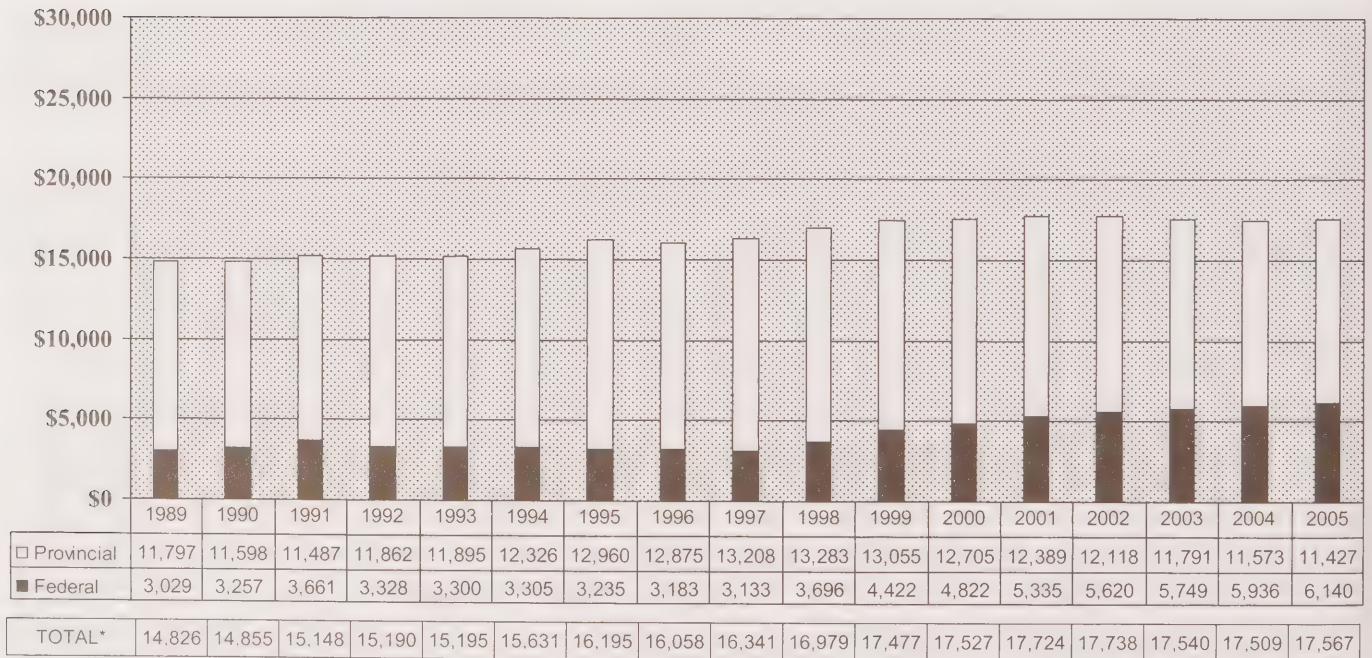


* Due to the effects of rounding, totals may not always add up.

**Figure 4.7: New Brunswick Welfare Income,
Lone Parent, One Child (2005 dollars)**

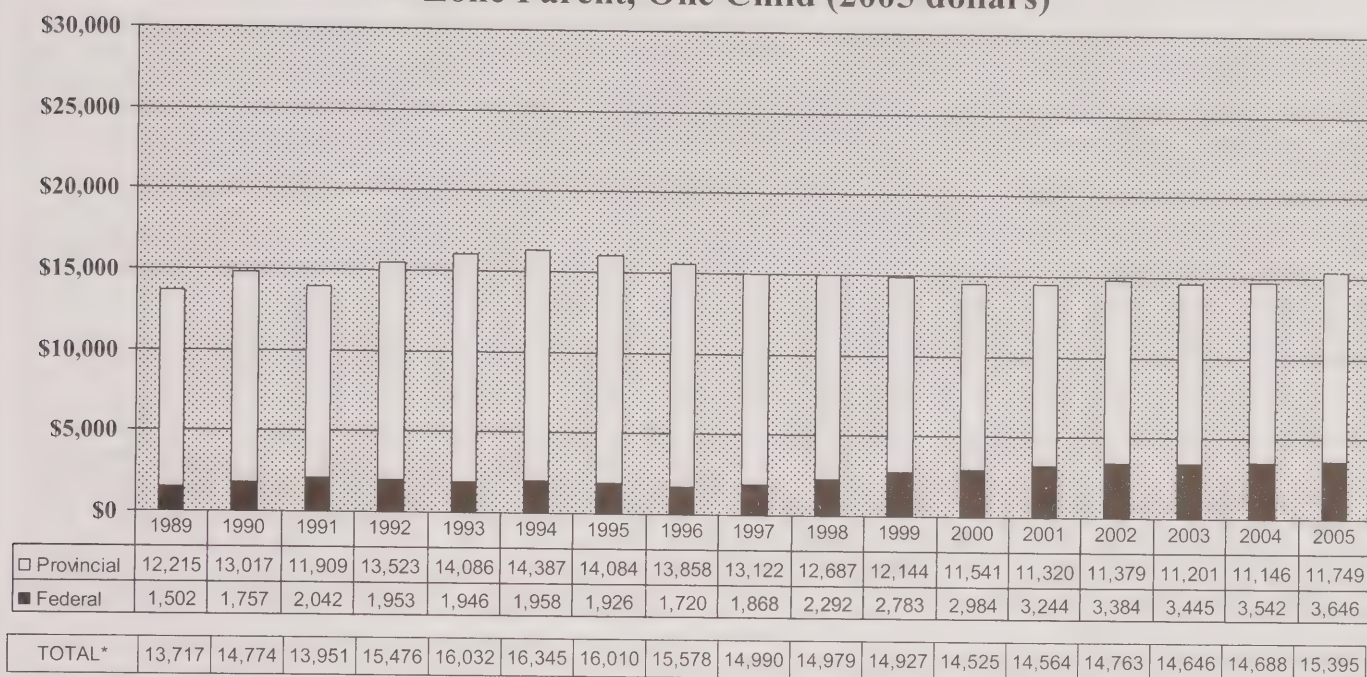


**Figure 4.8: New Brunswick Welfare Income,
Couple, Two Children (2005 dollars)**

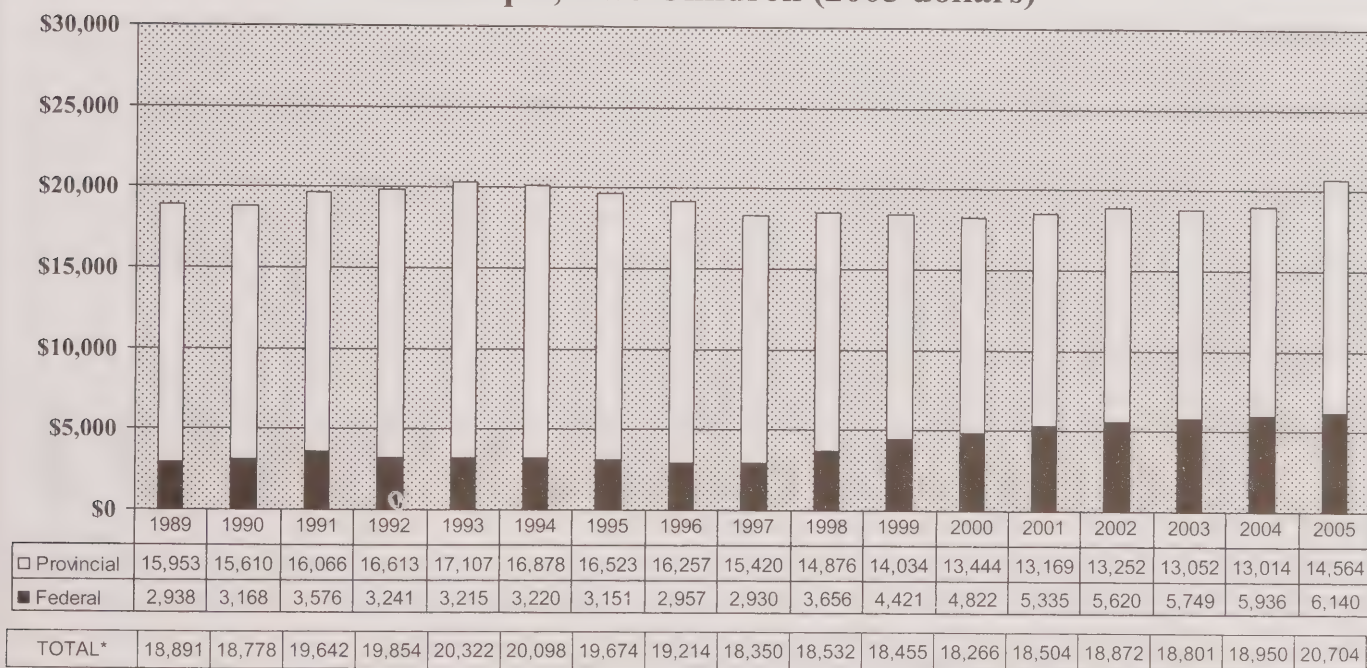


* Due to the effects of rounding, totals may not always add up.

**Figure 4.9: Quebec Welfare Income,
Lone Parent, One Child (2005 dollars)**

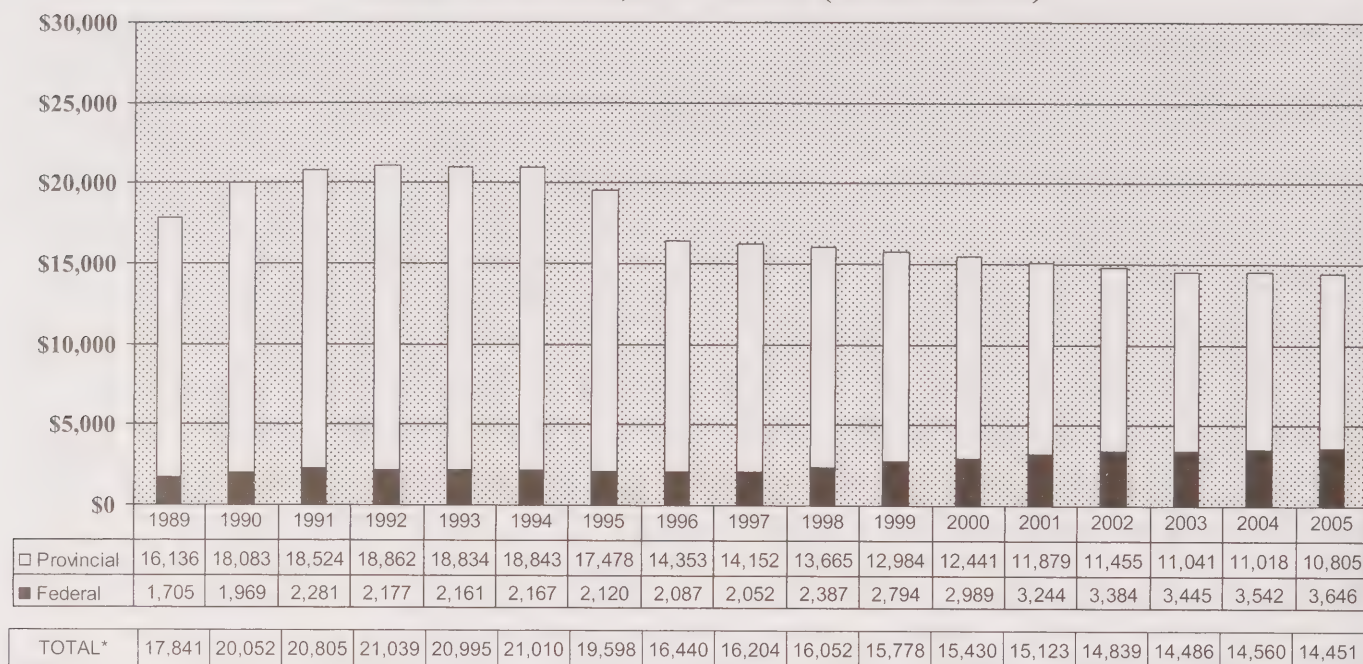


**Figure 4.10: Quebec Welfare Income,
Couple, Two Children (2005 dollars)**

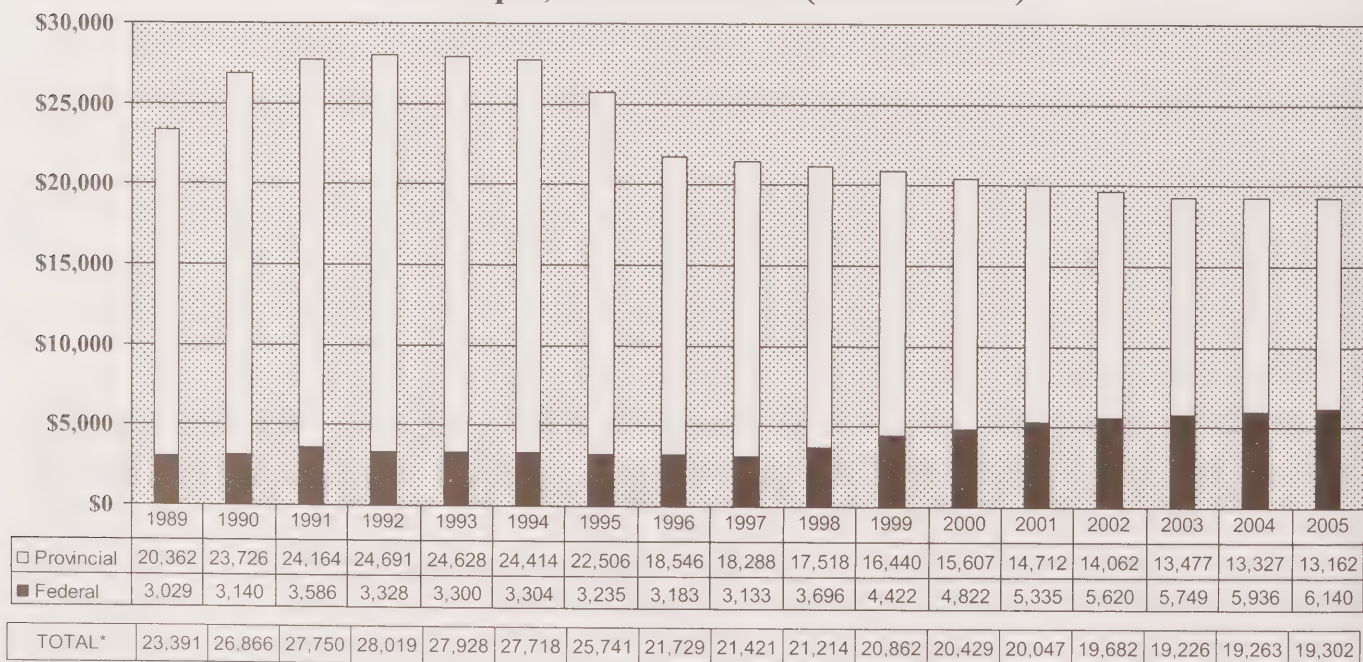


* Due to the effects of rounding, totals may not always add up.

**Figure 4.11: Ontario Welfare Income,
Lone Parent, One Child (2005 dollars)**

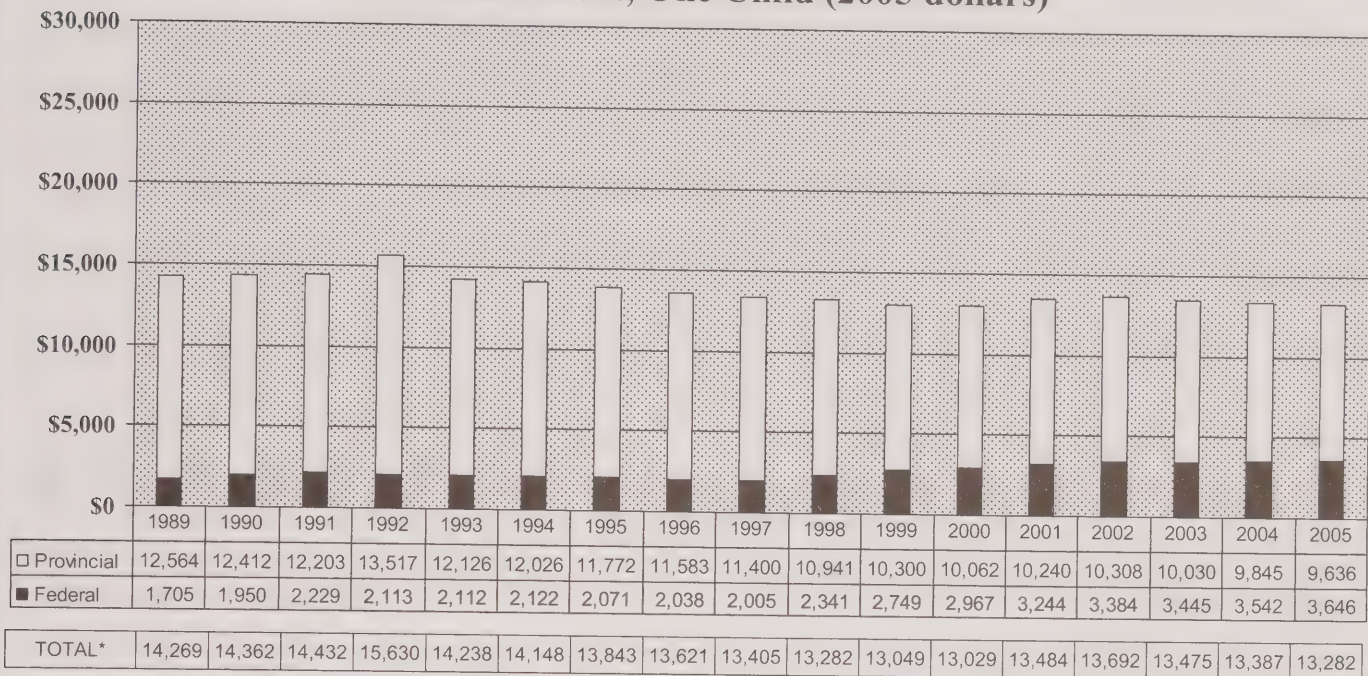


**Figure 4.12: Ontario Welfare Income,
Couple, Two Children (2005 dollars)**

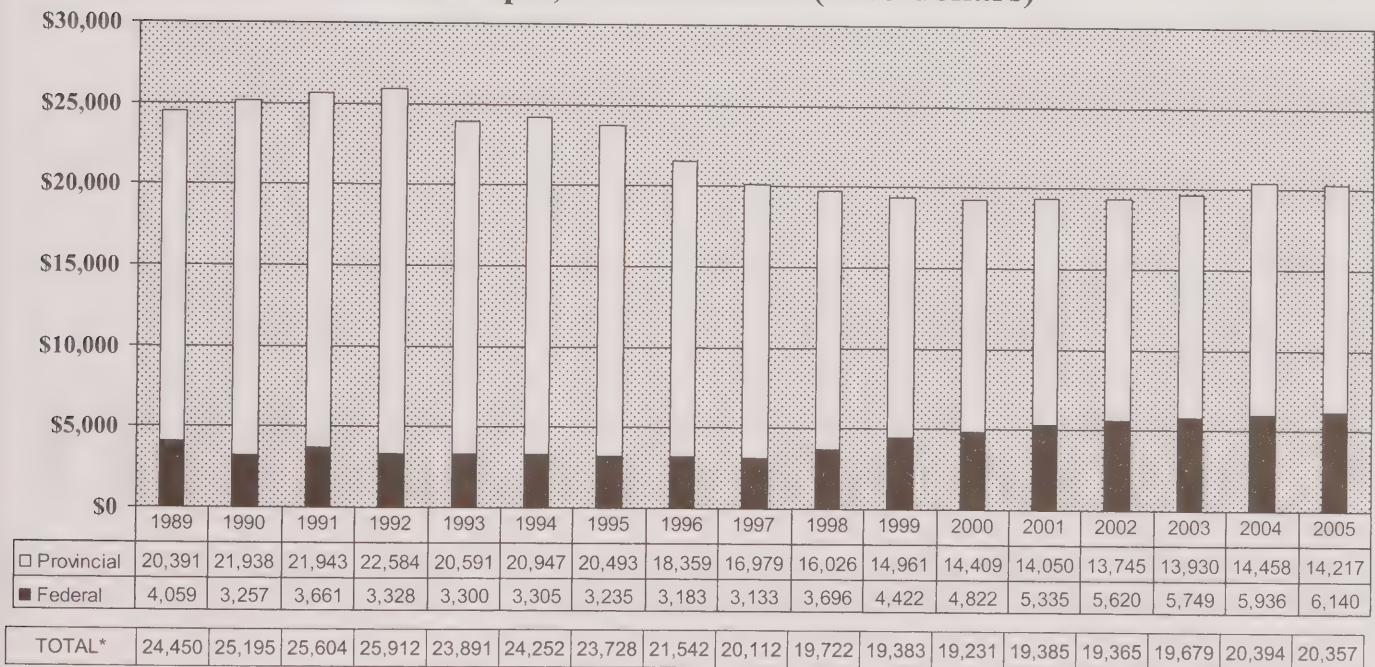


* Due to the effects of rounding, totals may not always add up.

**Figure 4.13: Manitoba Welfare Income,
Lone Parent, One Child (2005 dollars)**

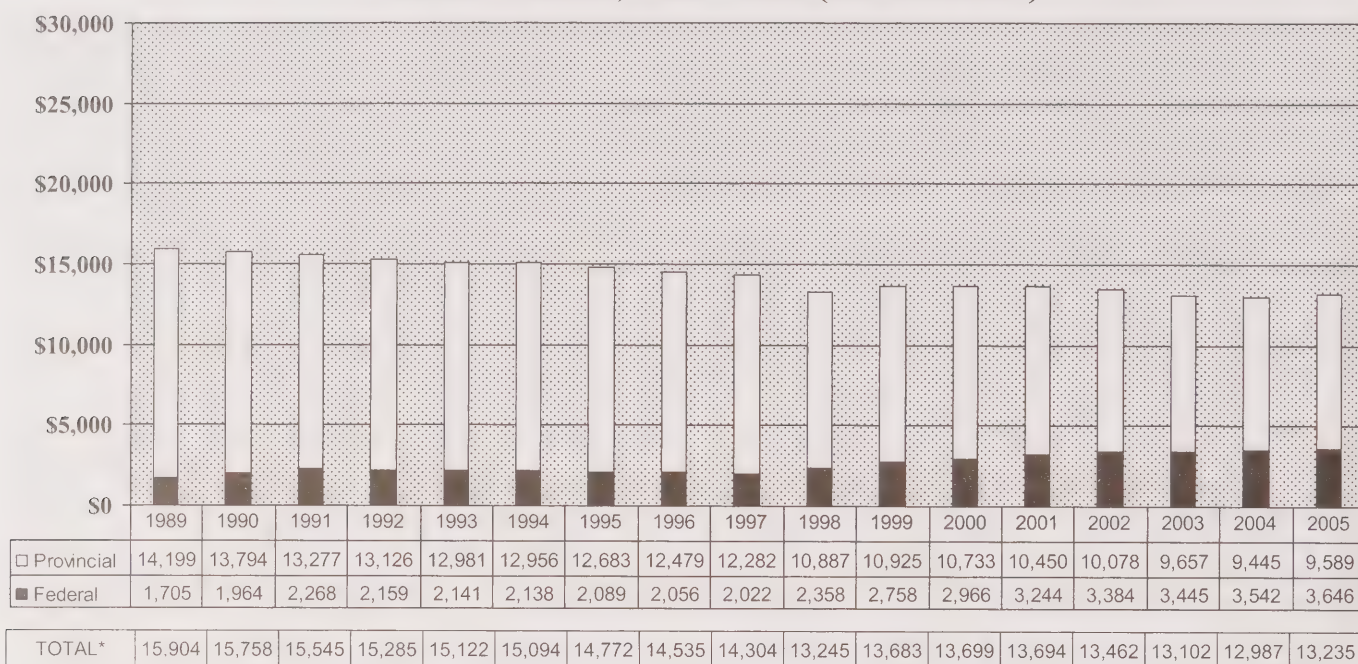


**Figure 4.14: Manitoba Welfare Income,
Couple, Two Children (2005 dollars)**

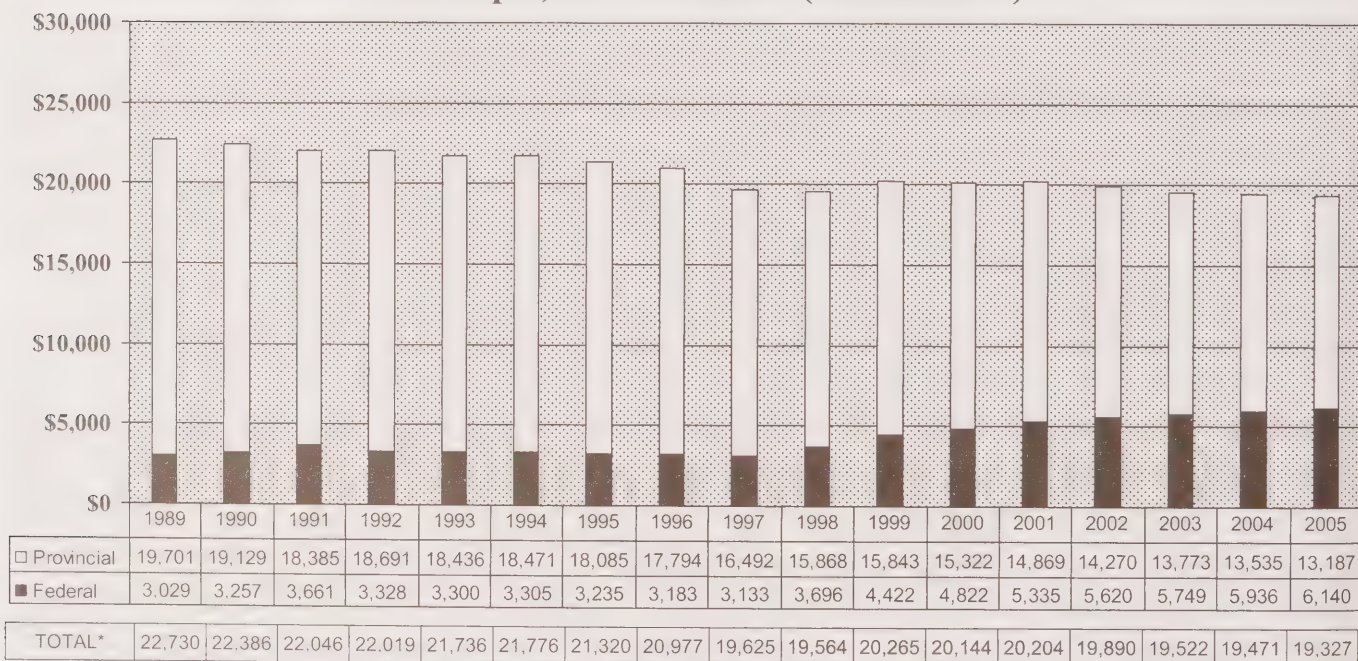


* Due to the effects of rounding, totals may not always add up.

**Figure 4.15: Saskatchewan Welfare Income,
Lone Parent, One Child (2005 dollars)**

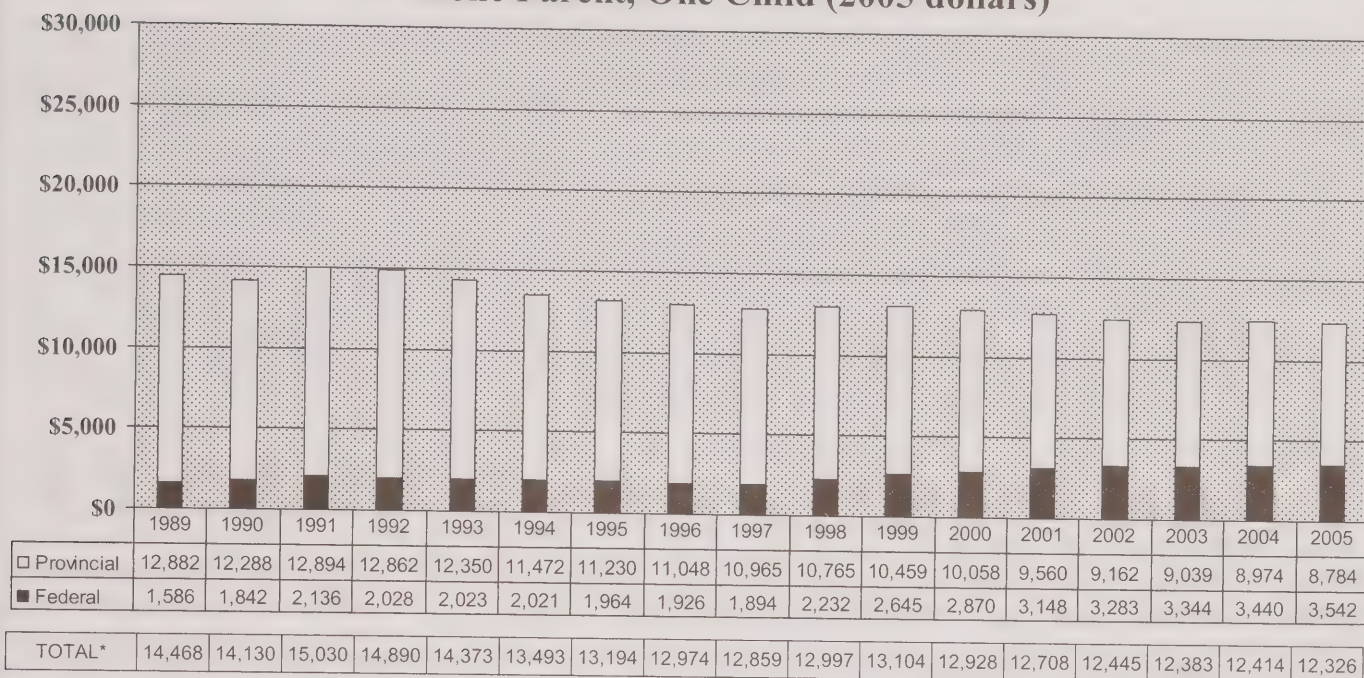


**Figure 4.16: Saskatchewan Welfare Income,
Couple, Two Children (2005 dollars)**

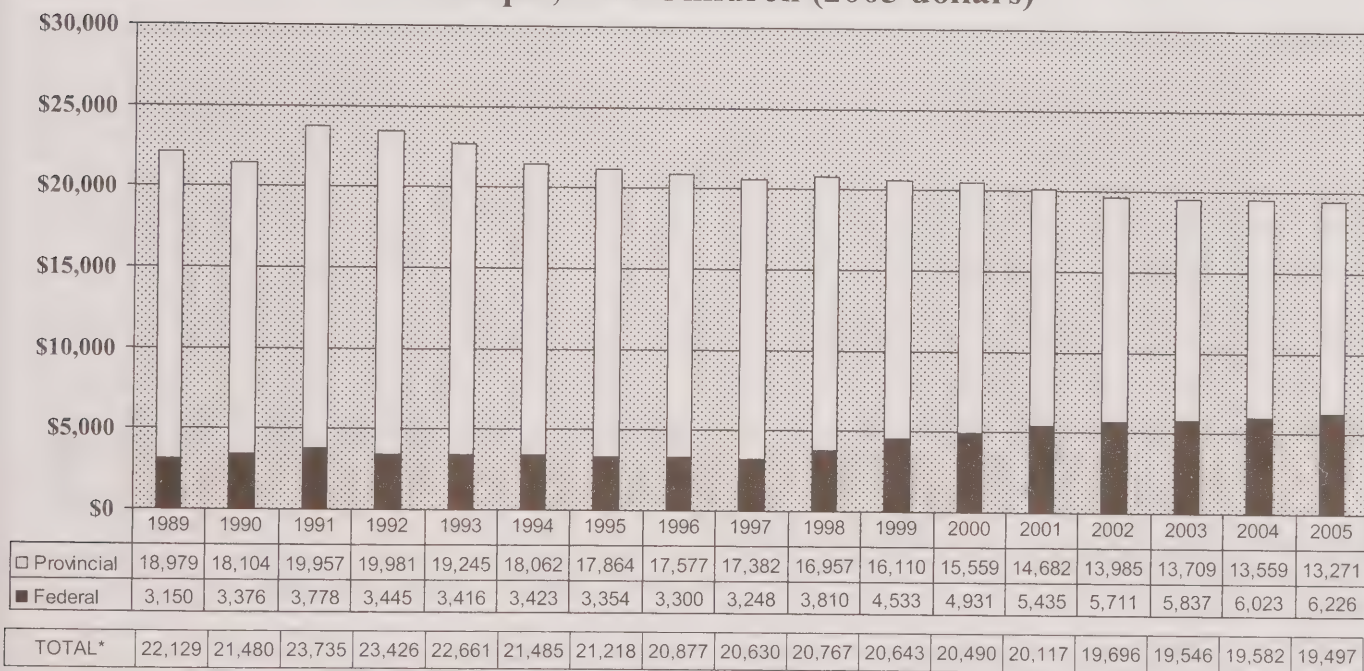


* Due to the effects of rounding, totals may not always add up.

**Figure 4.17: Alberta Welfare Income,
Lone Parent, One Child (2005 dollars)**

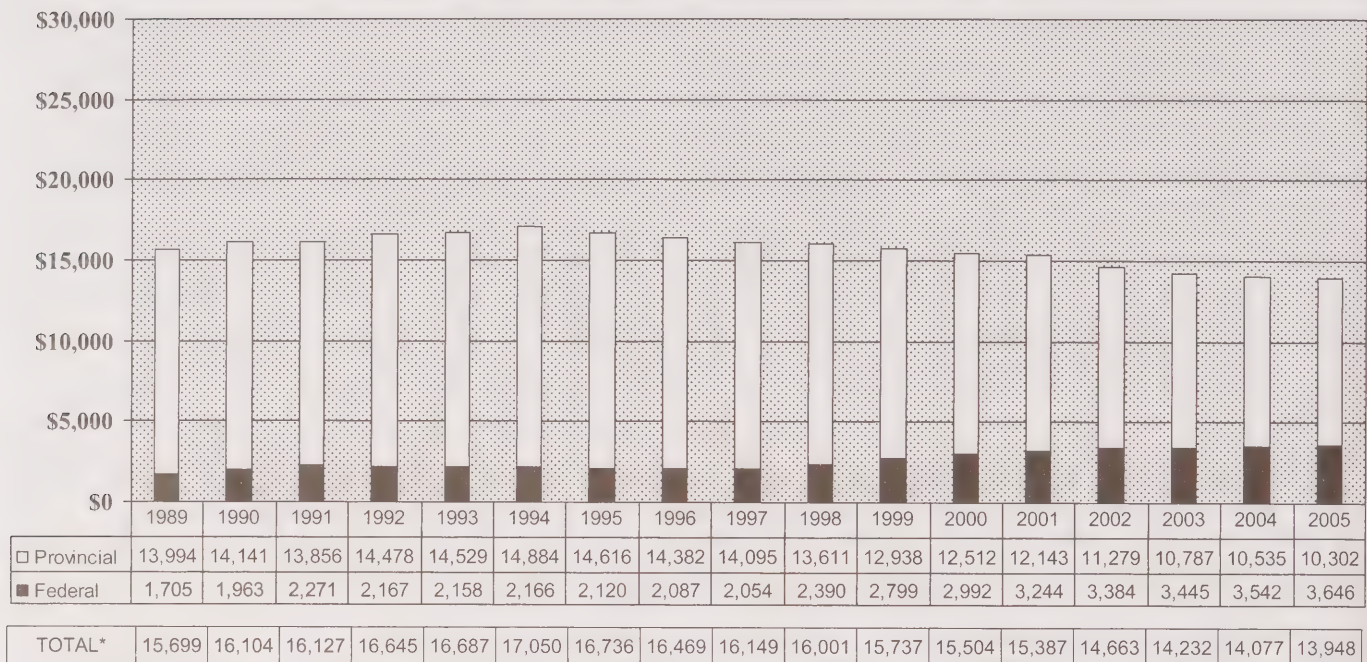


**Figure 4.18: Alberta Welfare Income,
Couple, Two Children (2005 dollars)**

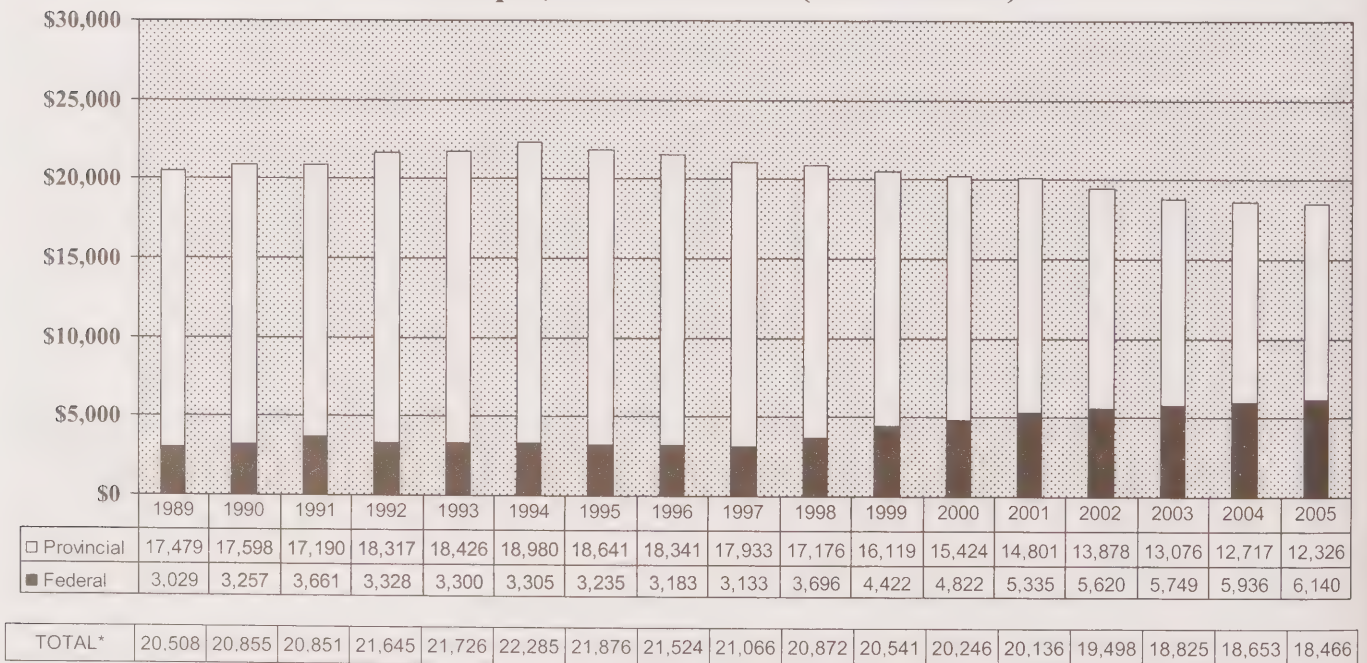


* Due to the effects of rounding, totals may not always add up.

**Figure 4.19: British Columbia Welfare Income,
Lone Parent, One Child (2005 dollars)**

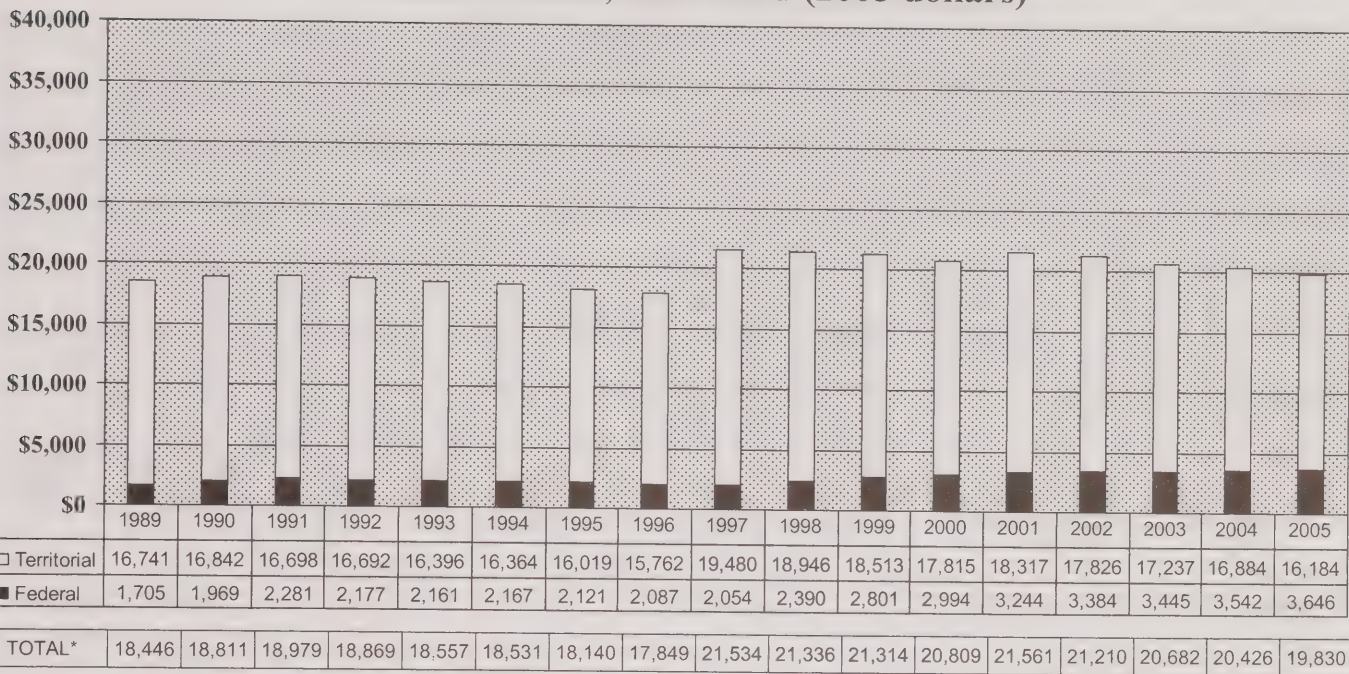


**Figure 4.20: British Columbia Welfare Income,
Couple, Two Children (2005 dollars)**

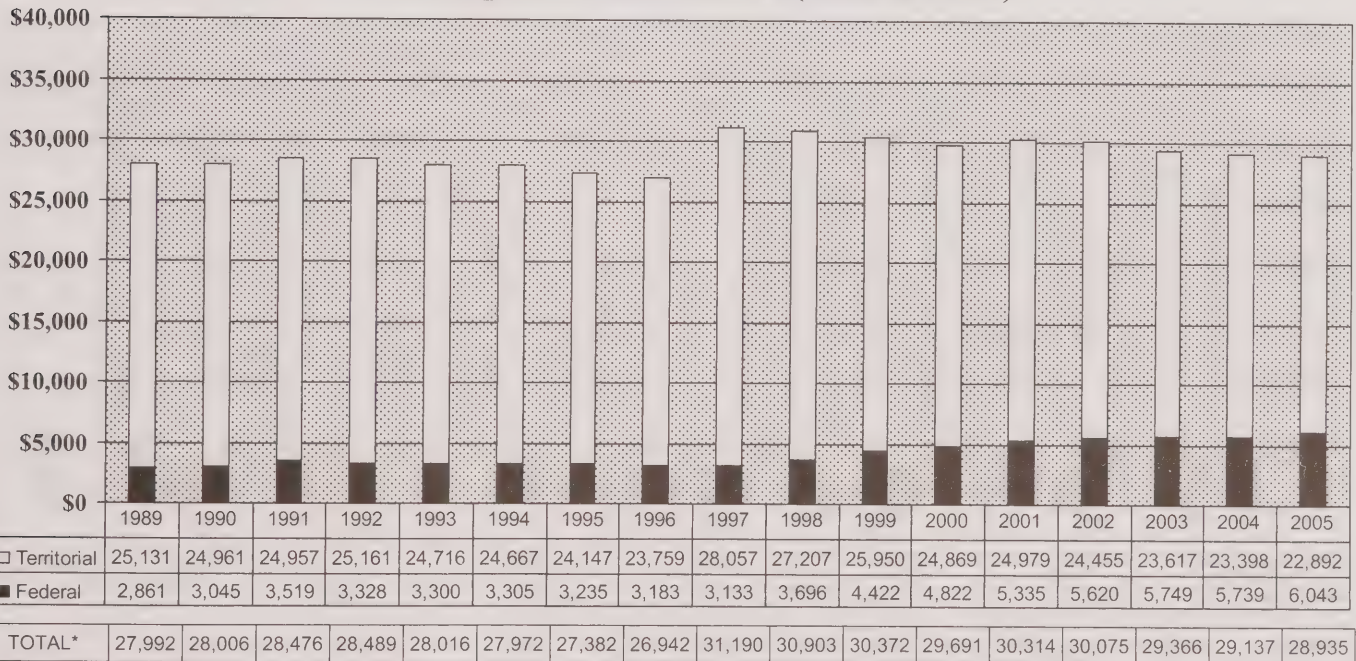


* Due to the effects of rounding, totals may not always add up.

**Figure 4.21: Yukon Welfare Income,
Lone Parent, One Child (2005 dollars)**

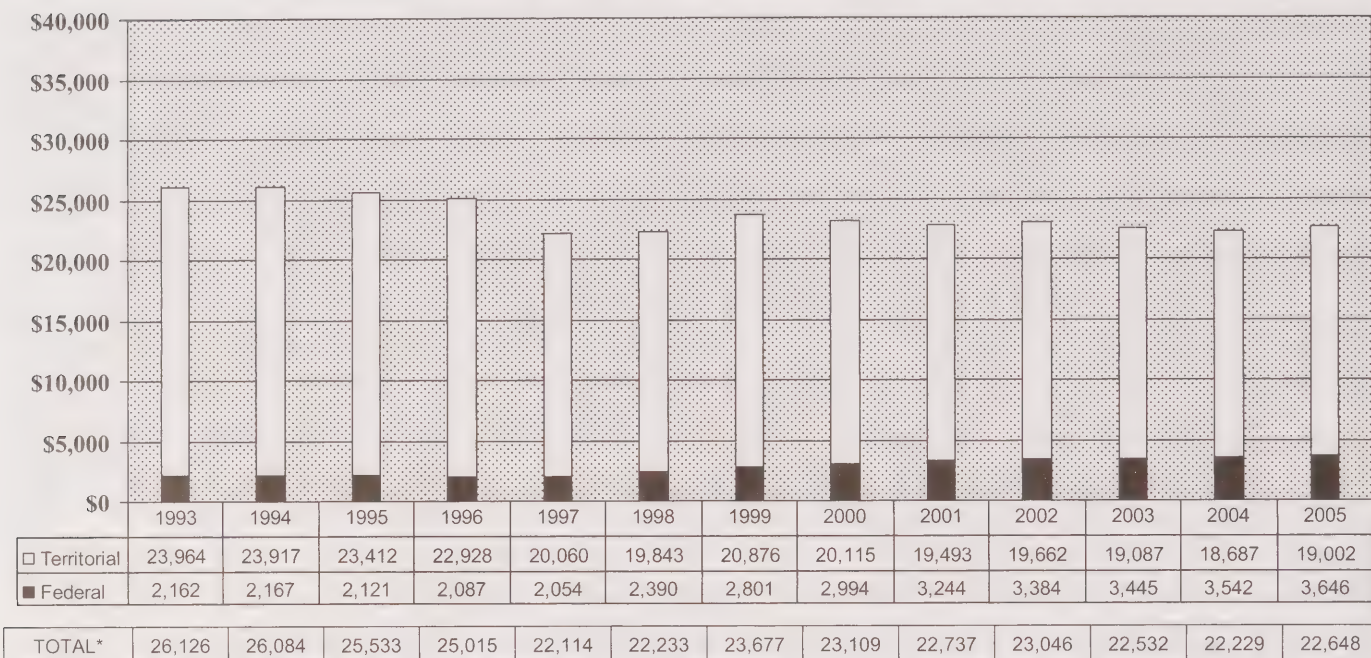


**Figure 4.22: Yukon Welfare Income,
Couple, Two Children (2005 dollars)**

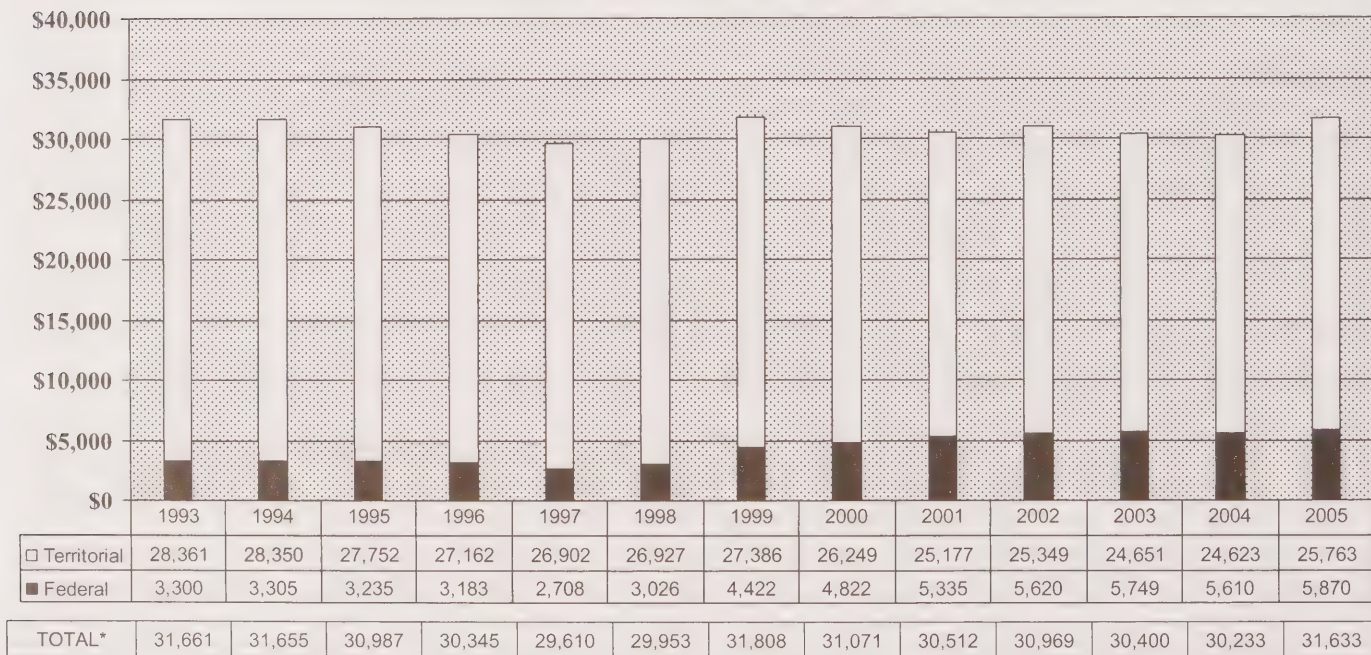


* Due to the effects of rounding, totals may not always add up.

**Figure 4.23: Northwest Territories Welfare Income,
Lone Parent, One Child (2005 dollars)**

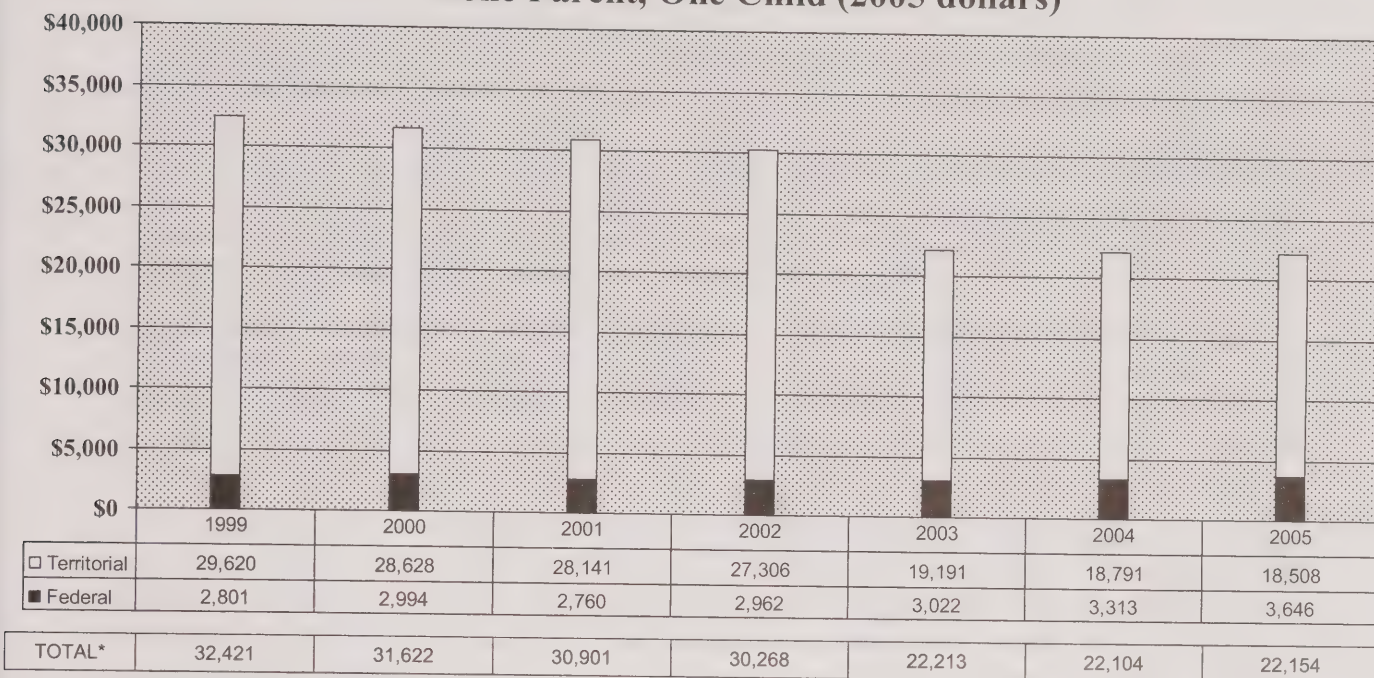


**Figure 4.24: Northwest Territories Welfare Income,
Couple, Two Children (2005 dollars)**

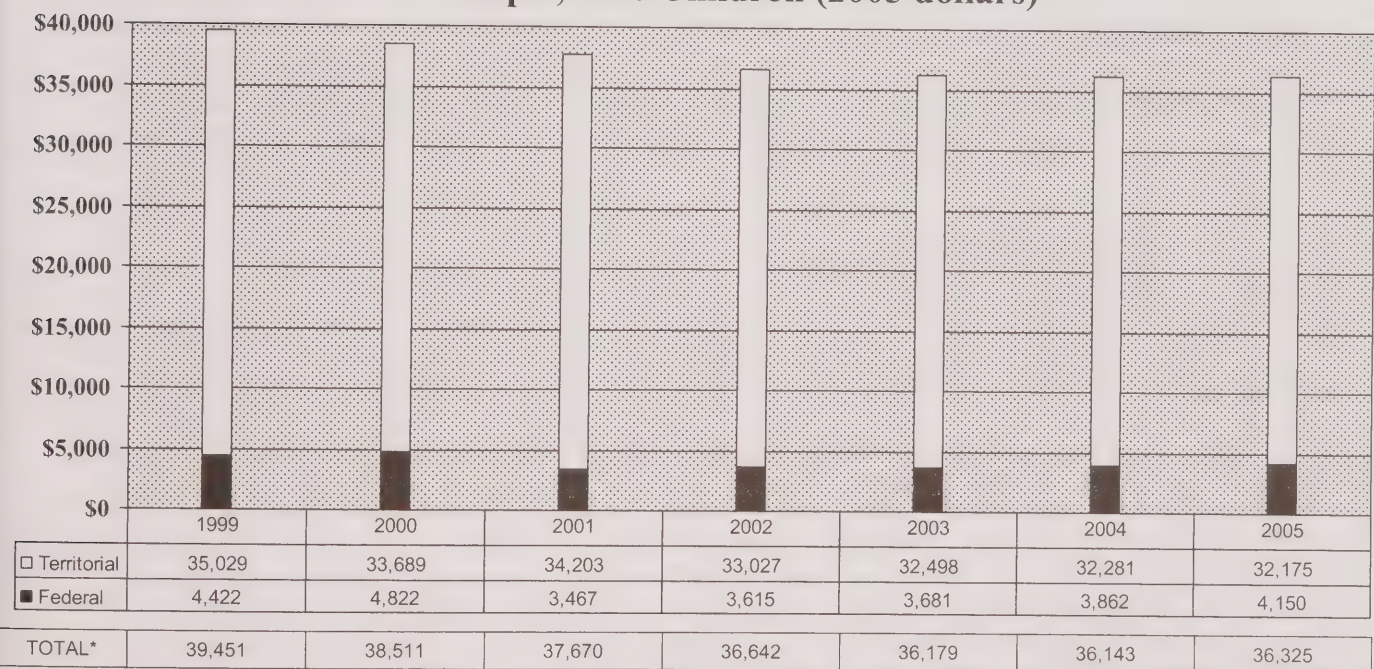


* Due to the effects of rounding, totals may not always add up.

**Figure 4.25: Nunavut Welfare Income,
Lone Parent, One Child (2005 dollars)**



**Figure 4.26: Nunavut Welfare Income,
Couple, Two Children (2005 dollars)**



*** Due to the effects of rounding, totals may not always add up.**

V. TOTAL WELFARE INCOMES AND POVERTY OVER TIME

This chapter looks at the adequacy of welfare incomes over time. Table 5.1 shows total welfare incomes as a percentage of the poverty line, from 1986 to 2005. Total welfare incomes include basic social assistance and additional benefits from provincial and territorial governments, federal and provincial child benefits, GST and HST credits and provincial tax credits. The territories are not included in the table because they are excluded from the Statistics Canada survey that is used to generate the low income cut-offs. We use Statistics Canada's low income cut-offs, before tax, as the poverty line.

Between 2004 and 2005, welfare incomes as a percentage of the poverty line decreased in 17 of our 40 scenarios, remained the same in 18, and increased in 5. The increases were notable in Quebec, where it went up by three percentage points for the lone parent with one child and five percentage points for the couple with two children, as well as in British Columbia, where it went up by three percentage points for the single person with a disability.

Welfare incomes as a percentage of the poverty line have been falling in most provinces. In all provinces except Newfoundland and Labrador, Nova Scotia and New Brunswick, welfare incomes as a percentage of the poverty line peaked in 1994 or earlier for all household types. Even at their peak, they were still grossly inadequate, with most at two-thirds of the poverty line or less.

Welfare incomes were never high, but the declines that have occurred demonstrate that governments are not interested in providing help to people who need it the most. In Ontario, welfare incomes as a percentage of the poverty line have fallen a staggering 17 to 25 percentage points for all four household types since the early 1990s. Since 1989, Prince Edward Island has seen decreases of over 30 percentage points for both the single employable person and the person with a disability. A single person's welfare income as a percentage of the poverty line has always been the lowest. But none of the provinces have welfare incomes that even come close to the poverty line for any of the four household types.

TABLE 5.1: WELFARE INCOMES AS A

	1986	1989	1990	1991	1992	1993	1994	1995
NEWFOUNDLAND AND LABRADOR								
Single Employable	33%	32%	32%	33%	32%	32%	32%	31%
Person with a Disability		64%	63%	63%	60%	60%	60%	58%
Lone Parent, One Child	68%	66%	67%	69%	74%	73%	73%	71%
Couple, Two Children	58%	56%	56%	56%	56%	56%	56%	55%
PRINCE EDWARD ISLAND								
Single Employable	62%	66%	60%	62%	58%	58%	52%	40%
Person with a Disability		77%	70%	70%	66%	65%	65%	62%
Lone Parent, One Child	71%	75%	69%	71%	73%	72%	71%	68%
Couple, Two Children	74%	78%	71%	73%	73%	72%	71%	68%
NOVA SCOTIA								
Single Employable	44%	50%	48%	47%	43%	43%	43%	42%
Person with a Disability		66%	66%	66%	61%	60%	61%	60%
Lone Parent, One Child	64%	66%	66%	67%	69%	68%	69%	67%
Couple, Two Children	57%	60%	58%	58%	58%	57%	57%	56%
NEW BRUNSWICK								
Single Employable	22%	24%	24%	25%	23%	23%	23%	22%
Person with a Disability		63%	62%	62%	58%	58%	46%	45%
Lone Parent, One Child	56%	55%	55%	55%	57%	57%	59%	61%
Couple, Two Children	46%	44%	44%	45%	46%	46%	47%	49%
QUEBEC								
Single Employable	20%	31%	48%	41%	38%	38%	37%	36%
Person with a Disability		47%	49%	53%	49%	49%	50%	49%
Lone Parent, One Child	57%	54%	58%	54%	60%	62%	63%	62%
Couple, Two Children	54%	54%	59%	52%	51%	53%	52%	51%
ONTARIO								
Single Employable	43%	47%	52%	54%	51%	51%	51%	48%
Person with a Disability		68%	72%	75%	71%	71%	71%	69%
Lone Parent, One Child	64%	68%	76%	79%	81%	81%	81%	76%
Couple, Two Children	58%	61%	70%	72%	73%	72%	72%	67%
MANITOBA								
Single Employable	43%	40%	46%	46%	43%	43%	40%	39%
Person with a Disability		43%	49%	49%	55%	50%	49%	48%
Lone Parent, One Child	56%	50%	54%	55%	60%	55%	55%	54%
Couple, Two Children	60%	60%	65%	67%	67%	62%	63%	61%

PERCENTAGE OF THE POVERTY LINE, 1986-2005

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
18%	9%	9%	9%	12%	20%	49%	47%	47%	46%
59%	62%	61%	61%	60%	59%	58%	56%	55%	54%
72%	73%	75%	76%	76%	76%	75%	74%	73%	73%
55%	56%	58%	59%	59%	60%	60%	59%	59%	59%
37%	37%	36%	36%	37%	36%	36%	36%	36%	35%
57%	56%	56%	55%	55%	54%	54%	47%	47%	45%
65%	62%	62%	61%	62%	62%	63%	63%	63%	62%
64%	64%	63%	62%	64%	64%	65%	65%	65%	64%
41%	31%	30%	29%	29%	29%	31%	30%	30%	30%
59%	58%	58%	57%	55%	51%	53%	51%	50%	50%
66%	65%	65%	65%	64%	60%	59%	58%	58%	58%
59%	59%	59%	58%	58%	61%	58%	57%	57%	57%
22%	22%	22%	22%	21%	21%	20%	20%	19%	19%
45%	45%	45%	44%	45%	45%	46%	46%	45%	45%
61%	61%	63%	64%	63%	63%	63%	62%	61%	61%
48%	49%	51%	53%	53%	53%	53%	53%	53%	53%
36%	35%	34%	35%	34%	34%	34%	34%	34%	33%
49%	49%	50%	50%	49%	49%	49%	49%	49%	48%
60%	58%	58%	58%	56%	56%	57%	57%	57%	60%
50%	48%	48%	48%	47%	48%	49%	49%	49%	54%
39%	39%	38%	38%	37%	36%	35%	34%	34%	34%
68%	67%	66%	65%	63%	62%	61%	59%	59%	58%
64%	63%	62%	61%	60%	58%	57%	56%	56%	56%
56%	55%	55%	54%	53%	52%	51%	50%	50%	50%
36%	32%	31%	31%	30%	29%	29%	28%	28%	28%
48%	47%	46%	46%	45%	44%	43%	42%	42%	41%
53%	52%	51%	50%	50%	52%	53%	52%	52%	51%
56%	52%	51%	50%	50%	50%	50%	51%	53%	53%

TABLE 5.1: WELFARE INCOMES AS A

	1986	1989	1990	1991	1992	1993	1994	1995
SASKATCHEWAN								
Single Employable	41%	42%	41%	41%	40%	42%	42%	37%
Person with a Disability		67%	65%	65%	60%	59%	59%	58%
Lone Parent, One Child	70%	69%	68%	68%	69%	68%	68%	66%
Couple, Two Children	70%	68%	66%	65%	66%	65%	65%	64%
ALBERTA								
Single Employable	51%	36%	35%	39%	36%	34%	30%	29%
Person with a Disability		44%	43%	60%	42%	41%	41%	40%
Lone Parent, One Child	61%	55%	53%	57%	58%	56%	52%	51%
Couple, Two Children	66%	58%	56%	62%	61%	59%	56%	55%
BRITISH COLUMBIA								
Single Employable	37%	41%	42%	40%	40%	40%	41%	40%
Person with a Disability		56%	58%	58%	56%	56%	57%	56%
Lone Parent, One Child	55%	60%	61%	62%	64%	65%	66%	65%
Couple, Two Children	54%	53%	54%	54%	56%	56%	58%	57%

A FURTHER LOOK AT FAMILY TYPE

Figures 5.1 through 5.10 on the following pages show total welfare incomes as a percentage of the poverty line in graphic format. The numbers are taken from Table 5.1 and cover the period 1989 to 2005.

In all provinces, single employable persons were consistently the most impoverished. Single persons with a disability followed in most provinces. Lone parents and couples with children tended to do better, but none of the welfare incomes in any of the figures could be considered adequate or reasonable.

The figures for single employable persons have always been the least adequate of the four household types. Most have declined over the period and currently sit at about one-third of the poverty line or less—embarrassingly low levels. New Brunswick's welfare income for a single person has never exceeded 25 percent of the poverty line since the National Council of Welfare started tracking these numbers in 1986. In the 17 years of income data in the following charts, the highest income for a single employable person was 66 percent of the poverty line in Prince Edward Island in 1989. The lowest was nine percent in Newfoundland and Labrador from 1997 to 1999, when the room and board rate was the norm for single employable persons.

The welfare income of the single person with a disability as a percent of the poverty line has varied considerably between provinces over the past 17 years. It currently hovers around 50 percent of the poverty line in most provinces. It was highest at 77 percent of the poverty

PERCENTAGE OF THE POVERTY LINE, 1986-2005

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
40%	36%	36%	37%	37%	37%	36%	36%	36%	37%
59%	53%	53%	54%	54%	53%	52%	52%	52%	50%
65%	64%	59%	61%	62%	61%	60%	59%	58%	59%
63%	59%	59%	61%	61%	61%	60%	59%	59%	58%
29%	28%	28%	28%	27%	26%	26%	25%	25%	24%
39%	39%	39%	39%	41%	40%	39%	39%	39%	38%
50%	50%	50%	51%	50%	49%	48%	48%	48%	48%
54%	53%	54%	53%	53%	52%	51%	51%	51%	50%
37%	36%	36%	35%	34%	34%	33%	32%	32%	31%
55%	55%	54%	53%	52%	51%	50%	49%	48%	51%
64%	62%	62%	61%	60%	59%	57%	55%	54%	54%
56%	55%	54%	53%	52%	52%	50%	49%	48%	48%

line, again in Prince Edward Island in 1989. The lowest level was 38 percent of the poverty line in Alberta in 2005, followed by Manitoba at 41 percent, also in 2005. Most people with severe and permanent disabilities in Alberta received assistance through the Assured Income for the Severely Handicapped program, which provided a higher rate than welfare. The sharpest decline occurred in Prince Edward Island, where welfare income as a percent of the poverty line dropped 32 percentage points, from 77 percent in 1989 to 45 percent in 2005.

As of 2005, the welfare incomes of most lone parents stand between 50 and 60 percent of the poverty line. Since 1989, the highest welfare income for a lone parent was 81 percent of the poverty line in Ontario in 1992, 1993 and 1994. Since then, it has dropped a full 25 percentage points and currently stands at 56 percent. The lowest was 48 percent in Alberta in 2002, 2003, 2004 and 2005. Newfoundland and Labrador has consistently had the highest ratio over the 17 years, ranging from a low of 66 percent to a high of 76 percent of the poverty line.

In 2005, the welfare income of a couple with two children also averaged about 55 percent of the poverty line. The highest welfare income for a couple with two children was 78 percent of the poverty line in Prince Edward Island in 1989, and the lowest was 44 percent in New Brunswick in 1989 and 1990. Since 1989, Ontario has again shown the steepest decline, dropping 23 percentage points from 73 percent in 1992 to 50 percent in 2005.

Figure 5.1: Welfare Incomes over Time as % of Poverty Line, Four Household Types in Newfoundland and Labrador

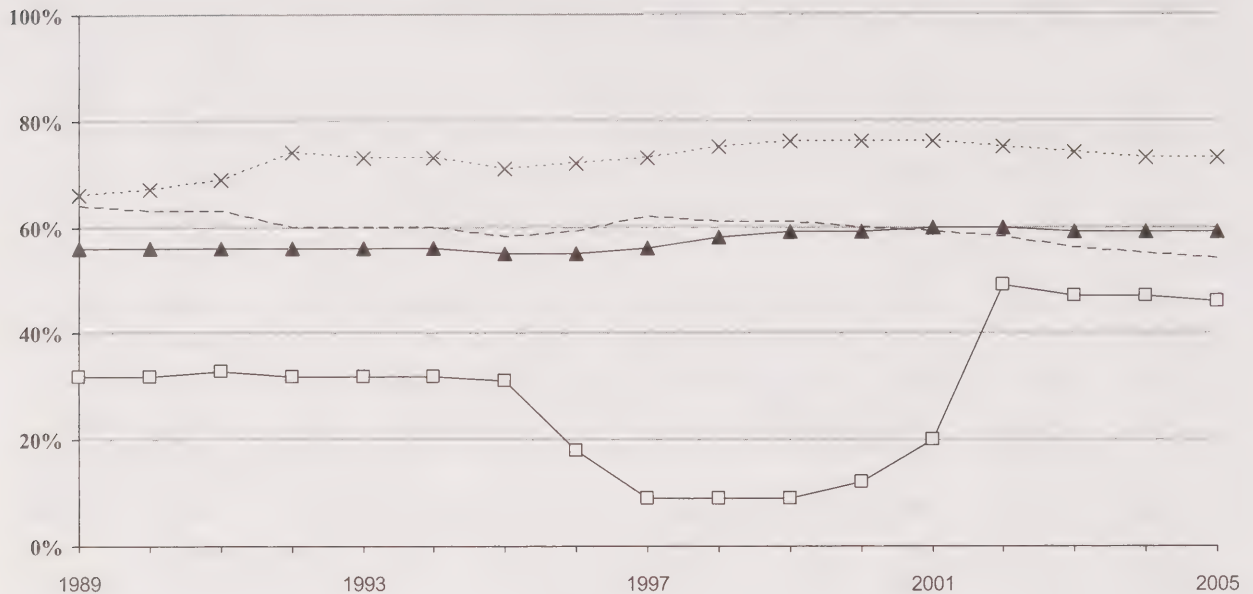


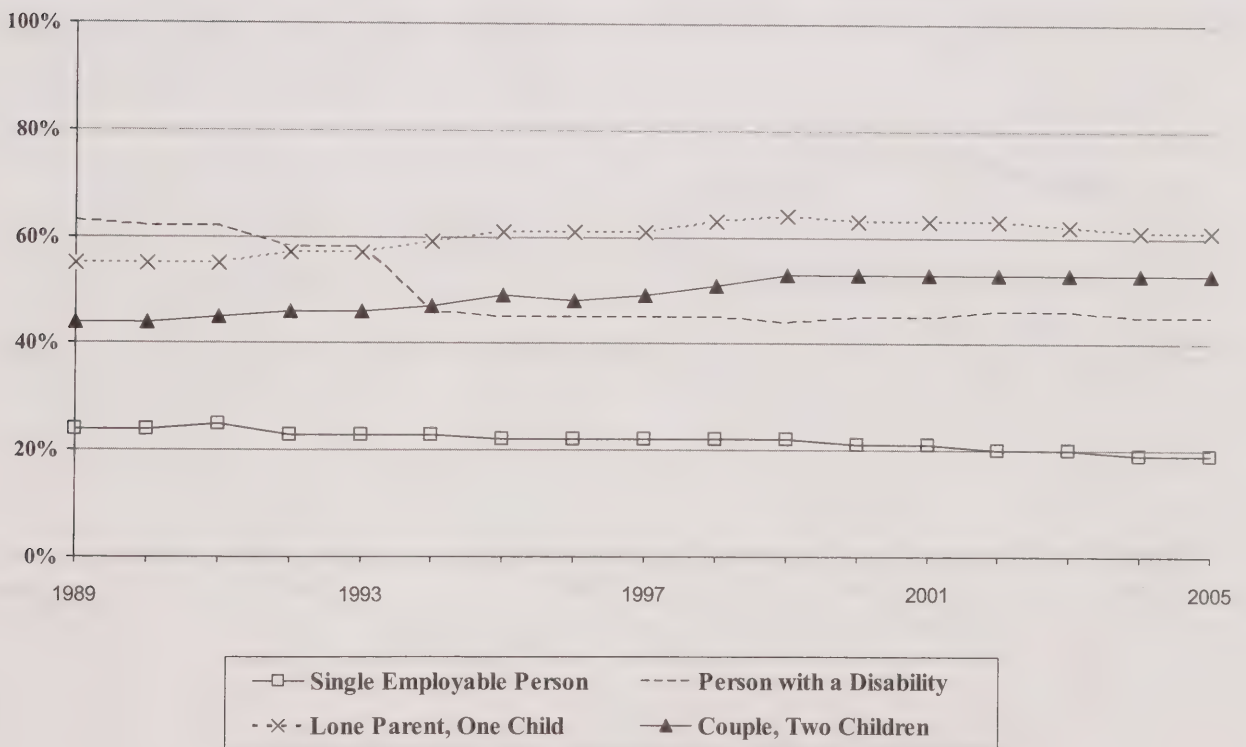
Figure 5.2: Welfare Incomes over Time as % of Poverty Line, Four Household Types in Prince Edward Island



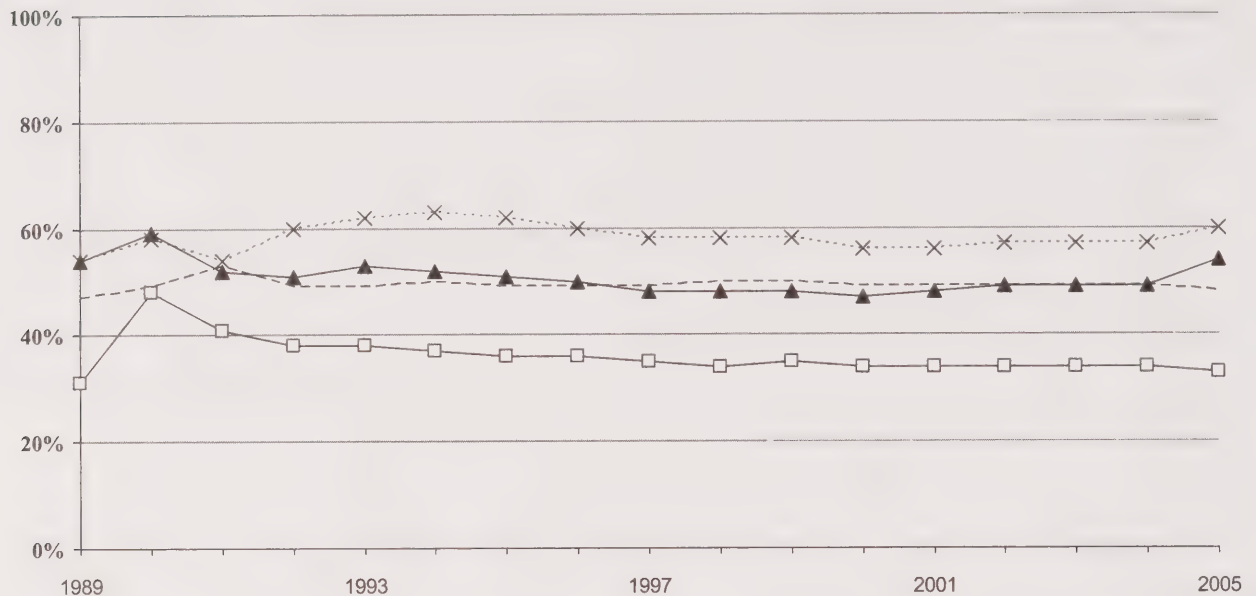
**Figure 5.3: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Nova Scotia**



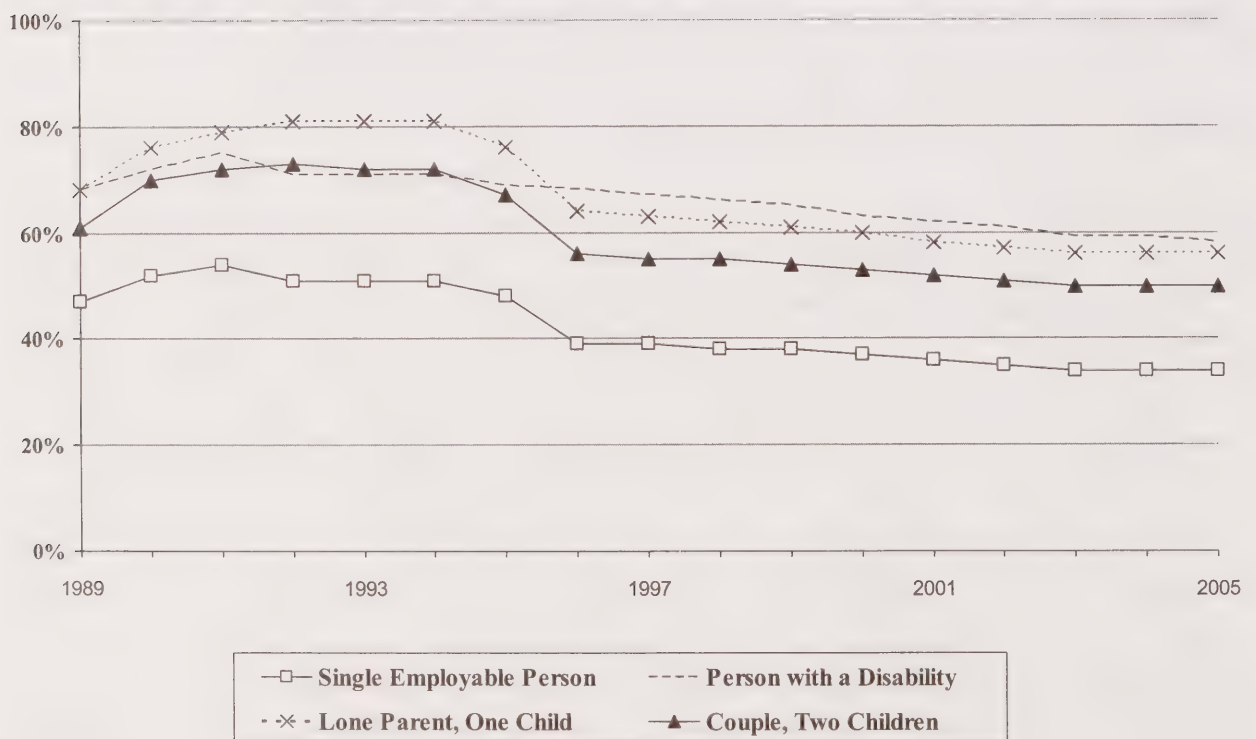
**Figure 5.4: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in New Brunswick**



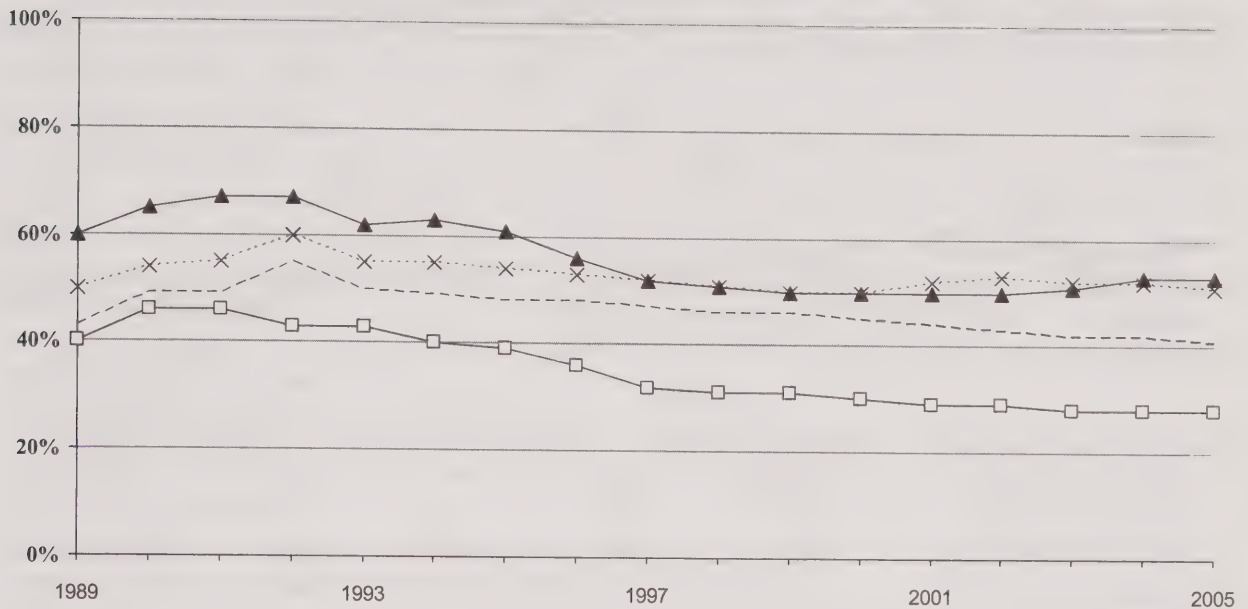
**Figure 5.5: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Quebec**



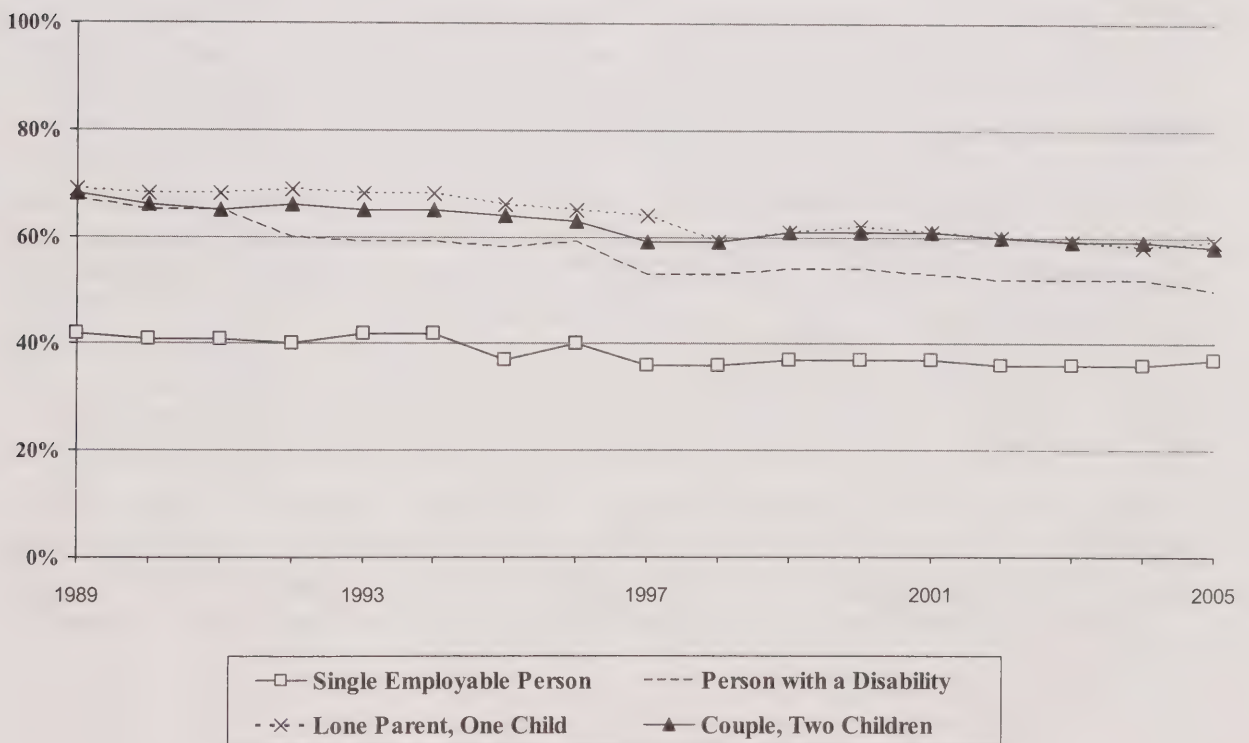
**Figure 5.6: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Ontario**



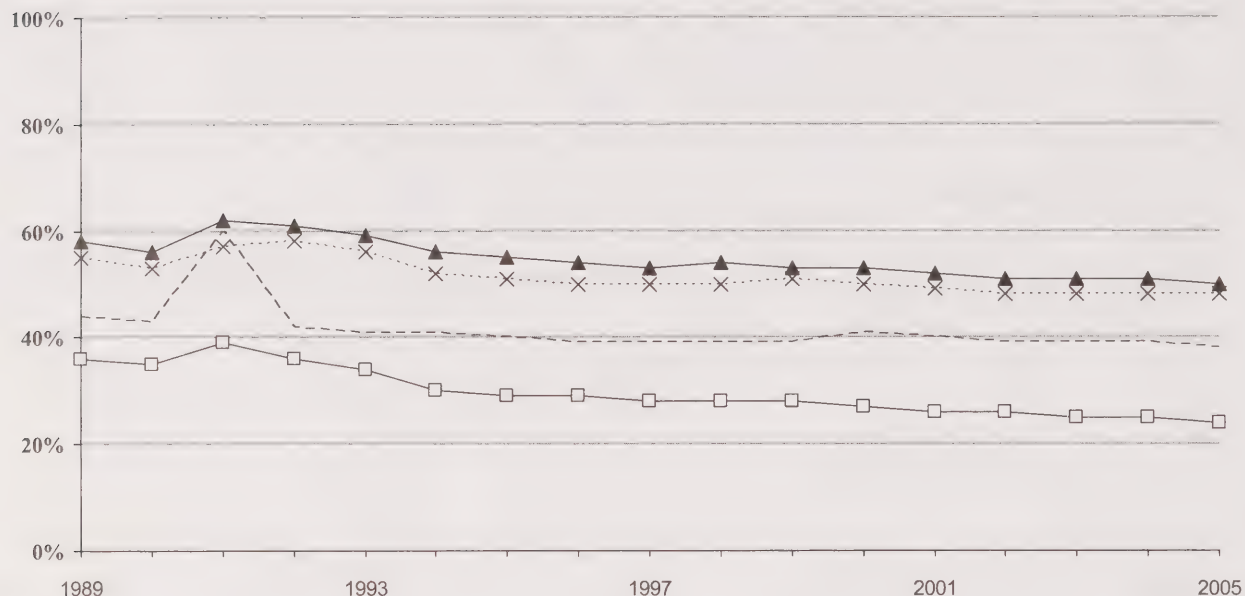
**Figure 5.7: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Manitoba**



**Figure 5.8: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Saskatchewan**



**Figure 5.9: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in Alberta**



**Figure 5.10: Welfare Incomes over Time as % of Poverty Line,
Four Household Types in British Columbia**



CONCLUSION

Welfare Incomes has never been a good news report. Sadly, *Welfare Incomes 2005* continues in that vein. Many welfare incomes are lower now than they were 1986, when the National Council of Welfare started reporting on them.

In July 2006, in *Poverty Profile, 2002 and 2003*, the National Council of Welfare strongly recommended that the federal government work to develop a national, comprehensive anti-poverty strategy—a pan-Canadian version of strategies adopted by the governments of Quebec and Newfoundland and Labrador. Nowhere is the need for overhaul and redesign of income security more glaring than in the social assistance systems across Canada. What makes matters worse is how rapid the descent into welfare can be when the market, Employment Insurance and other parts of our social security system are restricting access and casting many Canadians adrift.

Welfare incomes have never been close to adequate anywhere in Canada. But the 1.7 million people—half a million of whom are children—who are forced to rely on welfare are being left farther and farther behind. We looked at total welfare incomes for four household types in each province and territory, for a total of 52 scenarios. In 2005, incomes in 20 scenarios were the lowest they have been since we started tracking them. Ontario, Manitoba, Saskatchewan, Alberta and British Columbia hold the dubious distinction of recording the lowest welfare incomes between 2000 and 2005 for all four household types.

Many people have little sympathy for those on welfare; they are seen as lazy and undeserving. Since the mid 1990s, many government welfare reforms have reinforced these perceptions and they have become engrained in the thinking of a large segment of society. But people don't turn to welfare because they want to; they turn to it because they have no other options. Who would choose to live on such a meagre income? People are on welfare because they have lost their jobs, are widowed, are separated or divorced and are raising their children alone, are fleeing abusive relationships, or have a disability that prevents them from holding a job. Increasing numbers of people on welfare have multiple barriers to employment. They face additional challenges due to any combination of low job skills, lack of access to child care, long-term unemployment or substance abuse problems, to name a few. So why should people care? Because, in a Canada with an increasing number of non-standard and insecure jobs—most of them low-paid with few or no benefits—and limited access to Employment Insurance, many are a step away from having to turn to welfare themselves. And all Canadians are paying the price through higher health and justice costs, lost human potential, and the diminished productive capacity of those living in poverty.

The National Council of Welfare has consistently called for major improvements in welfare and related programs. Provincial and territorial governments need to commit to adequate levels of income support. There needs to be an enhanced federal financial arrangement for welfare. The clawback of federal child benefits needs to end immediately.

In June 2006, the United Nations Committee on Economic, Social and Cultural Rights criticized the federal, provincial and territorial governments for failing to live up to their commitments under the *International Covenant on Economic, Social and Cultural Rights*. Article 2 of the Covenant refers to state parties “achieving progressively the full realization of the rights recognized in the present Covenant”. In this context, Canada has failed miserably in ensuring Canadians’ rights to an adequate standard of living and the right to social security. The continuing decline of welfare incomes for most households represents a failure on the part of federal, provincial and territorial governments to respect their commitments.

The May 2006 federal budget offered little hope for people living in poverty. It introduced many income tax changes and their impact on low-income earners in different situations is not clear. But what is clear is that higher income earners benefit most. Persons who do not pay incomes taxes will not benefit at all.

The new Universal Child Care Benefit (UCCB), which provides \$100 per child per month to families with children 6 or under, started in July 2006. As a taxable benefit in the hands of the lowest earner in a family, it triggers inequities between one- and two-earner families with the same annual income, and between one-earner families with two parents and employed lone parents who struggle as their family’s sole or primary earner and caregiver. While it may provide some welcome financial support to families, those who will benefit the most are those who already have options. This new choice in child care is really no choice for parents or children living in poverty. It is not a child care benefit – it is a child benefit. It does nothing to increase the number of subsidized child care spaces or to offer developmental opportunities to children in disadvantaged situations. Low-income parents genuinely need more direct financial assistance, but they also require access to quality and affordable daycare to escape poverty.

Families who must resort to welfare will be better off as long as welfare benefits are maintained and the UCCB is not clawed back. The National Council of Welfare commends all provinces and territories in their decision not to claw back the benefit from welfare.

The reality for all low-income families is that the new UCCB will not really be \$1,200 per child per year, but considerably less. The supplement for young children, part of the Canada Child Tax Benefit, was slated to reach \$249 per child this year. However, it has been eliminated and rolled into the new UCCB, bringing the true value of the UCCB down to \$951. And low-income parents in the paid labour market will owe part of their benefit back in taxes at the end of the year because the new allowance is taxable.

The National Council of Welfare proposes a long-term, comprehensive anti-poverty strategy to address the causes of poverty, explore innovative solutions and engage Canadians living in poverty in the process. The evidence presented in *Welfare Incomes 2005* argues compellingly that we must embark on this process without delay to give hope and real options to people living in poverty.

APPENDICES

Seven appendices are presented in this edition of *Welfare Incomes*.

APPENDIX A reports the estimated number of people on welfare by province and territory as of March of each year. All figures are estimates based on the most recent data available.

APPENDIX B presents Statistics Canada's before-tax low income cut-offs (LICOs) for 2005.

APPENDIX C shows the maximum Canada Child Tax Benefit amounts, including the National Child Benefit Supplement, from July 1998 to July 2005.

APPENDIX D shows the maximum Canada Child Tax Benefit payments from 1998 to 2005 for a lone parent with a 2-year-old child and a couple with two children aged 10 and 15.

APPENDIX E shows estimates of families receiving social assistance whose National Child Benefit Supplement was clawed back in March 2005.

APPENDIX F shows estimates of children in families receiving social assistance whose National Child Benefit Supplement was clawed back in March 2005.

APPENDIX G provides additional resources for information on provincial and territorial welfare programs.

SOURCE OF DATA FOR APPENDICES E AND F

Data on families and children entitled to NCBS were obtained through the Statistics Division at the Canada Revenue Agency.

Data on the estimated numbers of families and children receiving social assistance in March 2005 were provided by the Social Program Analysis Division of the Social Policy Branch at Human Resources and Social Development Canada. Some figures may differ from published provincial or territorial information due to different reporting systems.

Totals for Canada may not add up due to rounding.

APPENDIX A: ESTIMATED NUMBER OF PEOPLE

	March 31, 1995	March 31, 1996	March 31, 1997	March 31, 1998	March 31, 1999
NEWFOUNDLAND AND LABRADOR	71,300	72,000	71,900	64,600	59,900
PRINCE EDWARD ISLAND	12,400	11,700	11,100	10,900	9,800
NOVA SCOTIA	104,000	103,100	93,700	85,500	80,900
NEW BRUNSWICK	67,400	67,100	70,600	67,100	61,800
QUEBEC	802,200	813,200	793,300	725,700	661,300
ONTARIO	1,344,600	1,214,600	1,149,600	1,091,300	910,100
MANITOBA	85,200	85,800	79,100	72,700	68,700
SASKATCHEWAN	82,200	80,600	79,700	72,500	66,500
ALBERTA	113,200	105,600	89,800	77,000	71,900
BRITISH COLUMBIA	374,300	369,900	321,300	297,400	275,200
YUKON	2,100	1,700	2,000	2,100	1,700
NORTHWEST TERRITORIES	12,000	11,800	12,800	10,700	11,300
NUNAVUT					
CANADA	3,070,900	2,937,100	2,774,900	2,577,500	2,279,100

Source: Social Program Analysis Division, Social Policy Branch,

† Revised

* Due to changes in reporting, the number of

Note: All figures are estimates based on the most recent data available.

ON WELFARE BY PROVINCE AND TERRITORY

March 31, 2000	March 31, 2001	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005	% Change 2004-2005
59,400	54,400	52,100	51,200	49,800	48,500	-2.6%
8,400	7,900	7,500	7,000	7,100 ^r	6,900	-2.8%
73,700	66,800	61,500	58,300	56,300	52,300	-7.1%
56,300	52,900	50,700	49,300	47,100 ^r	45,300	-3.8%
618,900	576,600	560,800	544,200	532,200	518,200	-2.6%
802,000	709,200	687,600	673,900	672,000	676,500	0.7%
63,300	60,500	60,100	59,900	58,400 ^r	60,900	4.3%
63,800	60,900	56,100	53,200	51,800	48,700	-6.0%
64,800	58,000	53,800	57,800	59,900 ^r	56,400	-5.8%
262,400	252,900	241,200	180,700	165,000	149,300	-9.5%
1,400	1,300	1,000	1,100	1,300	1,100	-15.4%
3,400	2,200	2,100	1,900	2,000 ^r	1,900	-5.0%
7,300	7,300	8,100	7,100	8,600 ^r	13,800*	60.5%
2,085,100	1,910,900	1,842,600	1,745,800^r	1,711,500^r	1,679,800	-1.9%

Human Resources and Social Development Canada.

recipients in Nunavut has increased significantly.

Excludes an estimated 150,000 First Nations people on reserve.

APPENDIX B: POVERTY LINES, 2005
STATISTICS CANADA'S BEFORE-TAX LOW INCOME CUT-OFFS (1992 BASE)

Family Size	Community Size				Rural Areas
	Cities of 500,000+	100,000-499,999	30,000-99,999	Less than 30,000	
1	\$20,778	\$17,895	\$17,784	\$16,273	\$14,303
2	\$25,867	\$22,276	\$22,139	\$20,257	\$17,807
3	\$31,801	\$27,386	\$27,217	\$24,904	\$21,891
4	\$38,610	\$33,251	\$33,046	\$30,238	\$26,579
5	\$43,791	\$37,711	\$37,480	\$34,295	\$30,145
6	\$49,389	\$42,533	\$42,271	\$38,679	\$33,999
7 +	\$54,987	\$47,354	\$47,063	\$43,063	\$37,853

APPENDIX C: MAXIMUM AMOUNTS FOR THE CANADA CHILD TAX BENEFIT, 1998-2005									
	July 1998	July 1999	July 2000	July 2001	July 2002	July 2003	July 2004	July 2005	
Canada Child Tax Benefit – Basic Benefit	\$1,020	\$1,020	\$1,104	\$1,117	\$1,151	\$1,169	\$1,208	\$1,228	
Canada Child Tax Benefit Threshold	\$25,921	\$25,921	\$30,004	\$32,000	\$32,960	\$33,487	\$35,000	\$35,595	
Additional Payment for a Child Under 7	\$213	\$213	\$219	\$221	\$228	\$232	\$239	\$243	
National Child Benefit Supplement for the 1 st Child in a Family	\$605	\$785	\$977	\$1,255	\$1,293	\$1,463	\$1,511	\$1,722	
National Child Benefit Supplement for the 2 nd Child in a Family	\$405	\$585	\$771	\$1,055	\$1,087	\$1,254	\$1,295	\$1,502	
National Child Benefit Supplement Threshold	\$20,921	\$20,921	\$21,214	\$21,744	\$22,397	\$21,529	\$22,615	\$21,480	

This table shows the payments by the federal government to families with children since the Canada Child Tax Benefit (CCTB) was introduced in July 1998. The Canada Child Tax Benefit consists of two parts: the CCTB Basic Benefit and the National Child Benefit Supplement or NCBS. Families with children under seven get an additional payment. Each year, the rates increase on July 1

and are in effect until June 30 of the following year. The CCTB Basic Benefit and NCBS are paid monthly by the federal government in one cheque to each qualifying family.

The first row called Canada Child Tax Benefit – Basic Benefit shows the annual basic benefit. The second row called Canada Child Tax Benefit Threshold shows the highest net income a family could have and still be eligible for the full CCTB Basic Benefit. Once a family's income exceeded this amount, the federal government reduced the Basic Benefit. As of July 2005, the Basic Benefit was completely phased out once the net income of a family with one or two children exceeded \$96,995. Families with three or more children did not receive the basic federal benefit after a net income of \$129,845. The third row shows the annual basic supplement paid for each child under seven.

The federal government paid a CCTB Basic Benefit of \$1,228 for the period beginning July 1, 2005, for each child under age 18 if the family's income was under \$35,595. The amounts were the same for all provinces and territories except Alberta, which asked the federal government to vary these amounts. The federal government also made an additional payment of \$243 for each child under age 7 for the period beginning July 2005.

The fourth and fifth rows show the National Child Benefit Supplement as of July 1 each year. For the first child in a family, the supplement was \$1,722 on July 1, 2005, and \$1,502 for the second child.

The final row called National Child Benefit Supplement Threshold shows the highest income a family could have and still get the full supplement. The column for July 2005 shows that the federal government provided all families with incomes under \$21,480 with the full National Child Benefit Supplement. Families with three or fewer children and a net family income between \$21,480 and \$35,595 received partial NCBS.

APPENDIX D: MAXIMUM CANADA CHILD TAX BENEFIT PAYMENTS BY CALENDAR YEAR, 1998-2005

January 1 to December 31	Lone Parent with One Child, Age 2	Couple with Two Children, Ages 10 and 15
1998	\$1,535	\$2,545
1999	\$1,928	\$3,230
2000	\$2,159	\$3,683
2001	\$2,447	\$4,250
2002	\$2,633	\$4,613
2003	\$2,768	\$4,869
2004	\$2,911	\$5,139
2005	\$3,076	\$5,451

This table shows the maximum Canada Child Tax Benefit payments from 1998 to 2005 for a lone parent with a 2-year-old and a couple with children aged 10 and 15. Each row includes the total payments each family received between January 1 and December 31 each year. The calculations are based on six months of payments at the previous year's rate for January to June and six months of payments at the current year's rate for July to December.

The middle column shows the total annual payment to the lone-parent family. The payment includes the CCTB Basic Benefit and the additional payment for a child under seven, combined with the National Child Benefit Supplement. In the last column, the annual amounts include the CCTB Basic Benefit and the National Child Benefit Supplement payments for a couple with children aged 10 and 15.

APPENDIX E: WELFARE FAMILIES AND THE CLAWBACK IN 2005

The table that follows highlights the number of welfare families with children who had all or part of the National Child Benefit Supplement clawed back by provincial or territorial governments as of early 2005. Appendix F gives similar data using the number of children, rather than the number of families, subject to the clawback.

The first two columns show the number of lone-parent families and two-parent families who were entitled to receive the NCB Supplement in 2005. The information came from the Statistics Division of the Canada Revenue Agency.

The third and fourth columns show the number of families receiving welfare in early 2005, as compiled by the Social Program Analysis Division of the Social Policy Branch, Human Resources and Social Development Canada.

The last four columns highlight provinces and territories which clawed back all or part of the NCB Supplement from their welfare recipients. The numbers shown in the fifth and seventh columns are the same as the numbers in the welfare columns, and the percentages in the sixth and eighth columns compare the welfare families clawed back with all families eligible for the NCB Supplement. Where there are no clawbacks, all four columns are blank.

The subtotals and grand totals at the bottom of the table show the overall impact of the clawback in provinces and territories where it still existed as of March 2005. In those jurisdictions, 134,850 lone-parent families or 16.9 percent of all lone-parent families eligible for the supplement had all or part of it clawed back. The comparable figures for two-parent families were 39,400 families or 6.6 percent of all two-parent families eligible for the NCB Supplement.

The grand total for Canada was 174,250 welfare families who still had their welfare or child benefits reduced by the all or part of the NCB Supplement in March 2005. That figure is 61 percent of all welfare families with children in Canada, but only 12.5 percent of the nearly 1.4 million families who received the NCB Supplement.

APPENDIX E: ESTIMATES OF FAMILIES RECEIVING SOCIAL ASSISTANCE (SA) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS CLAWED BACK IN MARCH 2005

	TOTAL FAMILIES ENTITLED TO NCBS IN MARCH 2005		TOTAL FAMILIES RECEIVING SA IN MARCH 2005 ¹		FAMILIES WHOSE SUPPLEMENT IS CLAWED BACK IN MARCH 2005			
	Lone-Parent Family	Two-Parent Family	Lone-Parent Family	Two-Parent Family	Lone-Parent Family		Two-Parent Family	
					Number	%	Number	%
NEWFOUNDLAND AND LABRADOR	16,183	12,513	6,500	2,550				
PRINCE EDWARD ISLAND	4,350	2,427	900	300	900	20.7%	300	12.4%
NOVA SCOTIA ²	31,645	15,365	8,300	1,000				
NEW BRUNSWICK	25,086	14,238	7,500	2,150				
QUEBEC	195,257	141,026	50,200	22,700				
ONTARIO	276,340	222,433	97,400	32,500	97,400	35.2%	32,500	14.6%
MANITOBA	35,734	26,727	10,100	1,750				
SASKATCHEWAN ³	33,887	21,593	7,200	1,400	7,200	21.2%	1,400	6.5%
ALBERTA	76,957	53,543	10,400	2,100	10,400	13.5%	2,100	3.9%
BRITISH COLUMBIA ³	99,798	86,123	18,200	2,900	18,200	18.2%	2,900	3.4%
YUKON	942	350	200	50	200	21.2%	50	14.3%
NORTHWEST TERRITORIES	1,427	641	300	50	300	21.0%	50	7.8%
NUNAVUT ⁴	1,236	1,390	250	100	250	20.2%	100	7.2%
CANADA⁵	798,842	598,369	217,450	69,550	134,850	16.9%	39,400	6.6%

APPENDIX E: ESTIMATES OF FAMILIES RECEIVING SOCIAL ASSISTANCE (SA) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS CLAWED BACK IN MARCH 2005				
	TOTAL FAMILIES ENTITLED TO NCBS IN MARCH 2005	TOTAL FAMILIES RECEIVING S.A. IN MARCH 2005 ¹	FAMILIES WHOSE SUPPLEMENT IS CLAWED BACK IN MARCH 2005	
			Number	%
NON-CLAWBACK JURISDICTIONS				
Lone-Parent Families	303,905	82,600		
Two-Parent Families	209,869	30,150		
SUB-TOTALS	513,774	112,750		
CLAWBACK JURISDICTIONS				
Lone-Parent Families	494,937	134,850	134,850	16.9%
Two-Parent Families	388,500	39,400	39,400	6.6%
SUB-TOTALS	883,437	174,250		
GRAND TOTAL	1,397,211	287,000	174,250	12.5%

¹ Some figures may differ from published provincial or territorial information due to different reporting systems.

² Nova Scotia's social assistance data include a small number of families receiving Transitional Pharmacare benefits only.

³ All families have their child benefit reduced by the NCBS, not just welfare families.

⁴ Social assistance data for Nunavut were not available. Figures shown are estimates based on the percentage of NWT households, by family type, that received the NCBS and also received welfare in March 2005.

⁵ Canada totals for families in receipt of the NCBS exclude a small number of families living outside Canada.

APPENDIX F: CHILDREN IN WELFARE FAMILIES AND THE CLAWBACK IN 2005

The table that follows highlights the number of children in families on welfare who had all or part of the National Child Benefit Supplement clawed back by provincial or territorial governments as of early 2005. Appendix E gives similar data using the number of families, rather than the number of children in families, subject to the clawback.

The first two columns show the number of children in lone-parent families and two-parent families who were entitled to receive the NCB Supplement in 2005. The information came from the Statistics Division of the Canada Revenue Agency.

The third and fourth columns show the number of children in families receiving welfare in early 2005, as compiled by the Social Program Analysis Division of the Social Policy Branch, Human Resources and Social Development Canada.

The last four columns highlight provinces and territories which clawed back all or part of the NCB Supplement from their welfare recipients. The numbers shown in the fifth and seventh columns are the same as the numbers in the welfare columns, and the percentages in the sixth and eighth columns compare the children in welfare families clawed back with all children eligible for the NCB Supplement. Where there are no clawbacks, all four columns are blank.

The subtotals and grand totals at the bottom of the table show the overall impact of the clawback in provinces and territories where it still existed as of March 2005. In those jurisdictions, 206,150 children in lone-parent families or 16 percent of all children in lone-parent families eligible for the supplement had all or part of it clawed back. The comparable figures for two-parent families were 74,750 children or 6.3 percent of all children in two-parent families eligible for the supplement.

The grand total for Canada was 280,900 children in welfare families who still had their welfare or child benefits reduced by all or part of the NCBS in March 2005. That figure is 59 percent of all 476,500 children in welfare families in Canada, but only 11.4 percent of the more than 2.4 million children in families who received the NCB Supplement in March 2005.

APPENDIX F: ESTIMATES OF CHILDREN IN FAMILIES RECEIVING SOCIAL ASSISTANCE (SA) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS CLAWED BACK IN MARCH 2005

	TOTAL NUMBER OF CHILDREN ENTITLED TO NCBS IN MARCH 2005		TOTAL NUMBER OF CHILDREN IN FAMILIES RECEIVING SA IN MARCH 2005 ¹		CHILDREN IN FAMILIES WHOSE SUPPLEMENT IS CLAWED BACK IN MARCH 2005			
	Lone-Parent Family	Two-Parent Family	Lone-Parent Family	Two-Parent Family	Lone-Parent Family		Two-Parent Family	
					Number	%	Number	%
NEWFOUNDLAND AND LABRADOR	23,783	21,154	9,800	4,600				
PRINCE EDWARD ISLAND	6,752	4,746	1,600	700	1,600	23.7%	700	14.7%
NOVA SCOTIA ²	49,961	29,075	13,700	3,800				
NEW BRUNSWICK	37,622	25,921	10,800	4,100				
QUEBEC	299,719	273,090	77,900	45,500				
ONTARIO	449,539	430,654	139,500	58,800	139,500	31.0%	58,800	13.7%
MANITOBA	63,230	62,985	20,700	4,700				
SASKATCHEWAN ³	62,453	49,706	14,800	3,500	14,800	23.7%	3,500	7.0%
ALBERTA	128,009	116,492	19,600	5,100	19,600	15.3%	5,100	4.4%
BRITISH COLUMBIA ³	158,437	159,345	29,400	5,800	29,400	18.6%	5,800	3.6%
YUKON	1,505	671	300	100	300	19.9%	100	14.9%
NORTHWEST TERRITORIES	2,437	1,368	500	200	500	20.5%	200	14.6%
NUNAVUT ⁴	2,158	3,609	450	550	450	20.9%	550	15.2%
CANADA⁵	1,285,605	1,178,816	339,050	137,450	206,150	16.0%	74,750	6.3%

APPENDIX F: ESTIMATES OF CHILDREN IN FAMILIES RECEIVING SOCIAL ASSISTANCE (SA) AND WHOSE NATIONAL CHILD BENEFIT SUPPLEMENT (NCBS) WAS CLAWED BACK IN MARCH 2005

	TOTAL NUMBER OF CHILDREN ENTITLED TO NCBS IN MARCH 2005	TOTAL NUMBER OF CHILDREN IN FAMILIES RECEIVING SA IN MARCH 2005 ¹	CHILDREN IN FAMILIES WHOSE SUPPLEMENT IS CLAWED BACK IN MARCH 2005	
			Number	%
NON-CLAWBACK JURISDICTIONS				
Children in Lone-Parent Families	474,315	132,900		
Children in Two-Parent Families	412,225	62,700		
SUB-TOTALS	886,540	195,600		
CLAWBACK JURISDICTIONS				
Children in Lone-Parent Families	811,290	206,150	206,150	16.0%
Children in Two-Parent Families	766,591	74,750	74,750	6.3%
SUB-TOTALS	1,577,881	280,900		
GRAND TOTAL	2,464,421	476,500	280,900	11.4%

¹ Some figures may differ from published provincial or territorial information due to different reporting systems.

² Nova Scotia's social assistance data include a small number of children in families receiving Transitional Pharmacare benefits only.

³ Children in all families have their child benefit reduced by the NCBS, not just children in welfare families.

⁴ Social assistance data for Nunavut were not available. Figures shown are estimates based on the percentage of children in NWT households, by family type, that received the NCBS and also received welfare in March 2005.

⁵ Canada totals for children in receipt of the NCBS exclude a small number of children living outside Canada.

APPENDIX G: ADDITIONAL RESOURCES

Additional information on provincial and territorial welfare programs is available from a number of online sources. Those without Internet access may call their provincial or territorial government's general information line or local organizations for assistance.

- Each provincial and territorial government's main website contains links to the department responsible for welfare.
- There are social research and non-governmental organizations—e.g., social planning councils, citizen advocacy groups—in all jurisdictions that provide information on welfare programs and services for welfare clients. If you search “welfare, [name of province]”, you will find links to both government and non-governmental websites with relevant information.
- The *Canadian Social Research Links* website contains a page of links to key provincial and territorial welfare program information, including legislation, policy, program descriptions, benefit levels and program statistics. You can access this page of links at: <http://www.canadiansocialresearch.net/welfare.htm>

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The National Council of Welfare was established by the *Government Organization Act* in 1969, as a citizens' advisory body to the federal government. It advises the Minister of Human Resources and Social Development on matters of concern to low-income Canadians.

The Council consists of members drawn from across Canada and appointed by the Governor-in-Council. All are private citizens and serve in their personal capacities rather than as representatives of organizations or agencies. The membership of the Council has included welfare recipients, public housing tenants and other low-income people, as well as educators, social workers and people involved in voluntary or charitable organizations.

Reports by the National Council of Welfare deal with a wide range of issues on poverty and social policy in Canada, including income security programs, welfare reform, medicare, poverty lines and poverty statistics, the retirement income system, taxation, labour market issues, social services and legal aid.

Pour vous procurer des exemplaires en français de toutes les publications du Conseil, écrivez au Conseil national du bien-être social, 9^e étage, 112, rue Kent, Ottawa (Ontario) K1A 0J9. Vous pouvez les demander par courrier électronique <ncw@magi.com> ou les consulter sur notre site web <www.ncwcnbes.net/index_f.htm>.

